



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

# ANNUAL STATEMENT

AS OF DECEMBER 31, 2018

OF THE CONDITION AND AFFAIRS OF THE

## FARMERS INSURANCE EXCHANGE

NAIC Group Code 0069 0069 NAIC Company Code 21652 Employer's ID Number 95-2575893  
(Current) (Prior)

Organized under the Laws of California, State of Domicile or Port of Entry CA  
Country of Domicile United States of America

Incorporated/Organized 03/28/1928 Commenced Business 04/06/1928

Statutory Home Office 6301 Owensmouth Ave, Woodland Hills, CA, US 91367  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 6301 Owensmouth Ave  
(Street and Number)  
Woodland Hills, CA, US 91367 323-932-3200  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. Box 4402, Woodland Hills, CA, US 91365  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 6301 Owensmouth Ave  
(Street and Number)  
Woodland Hills, CA, US 91367 323-932-3441  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.farmers.com

Statutory Statement Contact Joseph Hammond, 323-932-3441  
(Name) (Area Code) (Telephone Number)  
joseph\_hammond@farmersinsurance.com 818-936-1736  
(E-mail Address) (FAX Number)

### OFFICERS

President, CEO Jeffrey John Dailey \* CFO, Treasurer Ronald Gregory Myhan  
Secretary Doren Eugene Hohl \*

\*The individuals listed are officers of Farmers Group, Inc., dba as Farmers Underwriters Association, a Nevada Corporation which acts as attorney-in-fact of Farmers Insurance Exchange

### OTHER

Robert Paul Howard #, Chief Claims Officer Frank Anthony Carni #, Claims Executive Timothy Earl Felks, Claims Executive

\*The individuals listed are officers of Farmers Group, Inc., dba as Farmers Underwriters Association, a Nevada Corporation which acts as attorney-in-fact of Farmers Insurance Exchange

### DIRECTORS OR TRUSTEES

Thomas George Allen \*\* Joe David Bryant \*\* Julio Areias Da Silva \*\*  
Alan Roy Gildemeister \*\* Scott William Hood \*\* Don Jue \*\*  
Frederick Henry Kruse \*\* Dale Anne Marlin \*\* Ronald Lee Marrone \*\*  
Gary Randolph Martin \*\* Ottie Joel Wallace \*\*

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California SS:  
County of Los Angeles

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Jeffrey John Dailey \*  
President, CEO

Doren Eugene Hohl \*  
Secretary

Ronald Gregory Myhan  
CFO, Treasurer

Subscribed and sworn to (or affirmed) before me this  
15th day of February, 2019, by

- a. Is this an original filing? ..... Yes [  ] No [  ]  
b. If no,  
1. State the amendment number .....  
2. Date filed .....  
3. Number of pages attached .....

(1) Jeffrey John Dailey, proved to me on the basis of satisfactory evidence to be the person who appeared before me, and

(2) Doren Eugene Hohl, proved to me on the basis of satisfactory evidence to be the person who appeared before me, and

(3) Ronald Gregory Myhan, proved to me on the basis or satisfactory evidence to be the person who appeared before me.

Keith Eakins, Notary Public  
November 1, 2021



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\*\*Board of Governors

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	3,983,640,481		3,983,640,481	4,083,253,181
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....	5,493,802,783		5,493,802,783	5,364,646,311
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances) .....	55,091,671		55,091,671	56,688,589
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....	242,298,008		242,298,008	311,246,274
4.3 Properties held for sale (less \$ encumbrances) .....	56,114,045		56,114,045	174,797
5. Cash (\$ .....240,574,899 , Schedule E - Part 1), cash equivalents (\$ .....146,068,711 , Schedule E - Part 2) and short-term investments (\$ .....13,210,153 , Schedule DA) .....	399,853,763		399,853,763	293,614,289
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives (Schedule DB) .....				
8. Other invested assets (Schedule BA) .....	222,872,644	3,699,998	219,172,646	229,256,136
9. Receivable for securities .....	15,138,427		15,138,427	
10. Securities lending reinvested collateral assets (Schedule DL) .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	10,468,811,822	3,699,998	10,465,111,824	10,338,879,576
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	35,324,483	2,890	35,321,593	39,820,066
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	253,658,312	30,532,087	223,126,225	218,711,951
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ .....5,865,491 earned but unbilled premiums) .....	3,082,447,475		3,082,447,475	3,002,377,162
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....	632,973		632,973	569,240
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	1,299,874,706		1,299,874,706	966,062,415
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	740,185,121		740,185,121	614,119,577
18.2 Net deferred tax asset .....	241,098,837	3,399,987	237,698,850	222,095,629
19. Guaranty funds receivable or on deposit .....	332,912		332,912	248,288
20. Electronic data processing equipment and software .....	14,488,178	14,488,178		
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	31,889,492	31,889,492		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	381,993,993		381,993,993	211,434,562
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....	654,237,198	104,651,338	549,585,860	550,449,256
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	17,204,975,502	188,663,971	17,016,311,531	16,164,767,721
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	17,204,975,502	188,663,971	17,016,311,531	16,164,767,721
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above) .....				
2501. Insurance-company owned life insurance-cash value .....	430,907,221		430,907,221	446,413,167
2502. Other assets .....	165,785,084	104,651,338	61,133,747	48,264,490
2503. Business-owned life insurance-cash value .....	51,951,333		51,951,333	55,461,533
2598. Summary of remaining write-ins for Line 25 from overflow page .....	5,593,559		5,593,559	310,066
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) .....	654,237,198	104,651,338	549,585,860	550,449,256

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	3,614,271,736	3,647,098,366
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	1,581,903,349	1,199,075,953
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	1,059,029,772	1,069,435,044
4. Commissions payable, contingent commissions and other similar charges .....		
5. Other expenses (excluding taxes, licenses and fees) .....	11,071,929	13,322,559
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	21,061,125	15,174,401
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....		
7.2 Net deferred tax liability .....		
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ .....7,279,781,894 and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act) .....	2,913,193,242	2,855,212,508
10. Advance premium .....	88,962,234	73,734,343
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	636,444,213	455,674,031
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20) .....	2,920,965,730	2,604,151,127
14. Amounts withheld or retained by company for account of others .....	28,604,981	392,805
15. Remittances and items not allocated .....	53,650,961	39,658,893
16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 3, Column 78) .....		60,808
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....		
20. Derivatives .....		
21. Payable for securities .....	19,535,855	3,413,032
22. Payable for securities lending .....		
23. Liability for amounts held under uninsured plans .....		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities .....	(28,727,879)	(14,741,156)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) .....	12,919,967,248	11,961,662,716
27. Protected cell liabilities .....		
28. Total liabilities (Lines 26 and 27) .....	12,919,967,248	11,961,662,716
29. Aggregate write-ins for special surplus funds .....		
30. Common capital stock .....		
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....	1,793,536,999	1,993,536,999
34. Gross paid in and contributed surplus .....		
35. Unassigned funds (surplus) .....	2,302,807,284	2,209,568,007
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ ..... ) .....		
36.2 ..... shares preferred (value included in Line 31 \$ ..... ) .....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) .....	4,096,344,283	4,203,105,006
38. TOTALS (Page 2, Line 28, Col. 3)	17,016,311,531	16,164,767,721
<b>DETAILS OF WRITE-INS</b>		
2501. Claims payments made after data-processing close .....	(280,928,646)	(305,135,663)
2502. Accounts payable .....	120,226,350	175,247,351
2503. Agent/DM bonus liability .....	34,824,086	13,419,817
2598. Summary of remaining write-ins for Line 25 from overflow page .....	97,150,331	101,727,338
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	(28,727,879)	(14,741,156)
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page .....		
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page .....		
3299. Totals (Lines 3201 thru 3203 plus 3298)(Line 32 above)		

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	7,102,945,081	7,514,579,948
<b>DEDUCTIONS:</b>		
2. Losses incurred (Part 2, Line 35, Column 7).....	4,133,786,159	4,493,392,919
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	709,966,498	766,338,681
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	2,374,031,944	2,477,128,942
5. Aggregate write-ins for underwriting deductions.....	(5,587,444)	(1,003,461)
6. Total underwriting deductions (Lines 2 through 5).....	7,212,197,157	7,735,857,080
7. Net income of protected cells.....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7).....	(109,252,076)	(221,277,133)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	55,850,605	38,094,143
10. Net realized capital gains or (losses) less capital gains tax of \$ .....(3,063,731) (Exhibit of Capital Gains (Losses) ).....	(10,120,896)	15,214,063
11. Net investment gain (loss) (Lines 9 + 10).....	45,729,708	53,308,207
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ .....265,251 amount charged off \$ .....45,846,240 ).....	(45,580,989)	(44,898,281)
13. Finance and service charges not included in premiums.....	99,363,789	108,041,810
14. Aggregate write-ins for miscellaneous income.....	(108,803,172)	(68,239,797)
15. Total other income (Lines 12 through 14).....	(55,020,372)	(5,096,268)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(118,542,740)	(173,065,194)
17. Dividends to policyholders.....	371,232	347,996
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	(118,913,971)	(173,413,190)
19. Federal and foreign income taxes incurred.....	(48,438,070)	(107,999,063)
20. Net income (Line 18 minus Line 19)(to Line 22).....	(70,475,902)	(65,414,126)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	4,203,105,006	4,218,839,820
22. Net income (from Line 20).....	(70,475,902)	(65,414,126)
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....(11,650,809).....	125,369,793	142,666,812
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(2,026,875)	(188,153,337)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3).....	37,832,945	106,240,197
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	60,808	(58,447)
29. Change in surplus notes.....	(200,000,000)	(11,000,000)
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3 Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	2,478,508	(15,913)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(106,760,723)	(15,734,814)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	4,096,344,283	4,203,105,006
<b>DETAILS OF WRITE-INS</b>		
0501. Pooled share of LAD program income.....	(5,587,444)	(1,003,461)
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....		
0599. Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above).....	(5,587,444)	(1,003,461)
1401. Interest expense on funds held.....	(87,245,757)	(76,896,889)
1402. Miscellaneous (expense)\income.....	(19,725,596)	10,187,765
1403. Premiums for company-owned life insurance.....	(1,369,778)	(1,241,781)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(462,040)	(288,893)
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above).....	(108,803,172)	(68,239,797)
3701. Net proceeds from company-owned life insurance.....	1,995,990	
3702. Pooled share of unauthorized reinsurance.....	482,518	(15,913)
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....		
3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above).....	2,478,508	(15,913)

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	7,291,370,627	7,243,367,374
2. Net investment income .....	93,946,984	87,388,254
3. Miscellaneous income .....	(55,020,372)	(5,096,268)
4. Total (Lines 1 through 3) .....	7,330,297,239	7,325,659,360
5. Benefit and loss related payments .....	4,093,390,666	4,611,728,434
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	3,140,285,803	3,228,371,673
8. Dividends paid to policyholders .....	371,232	1,940,120
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....	74,563,743	(5,938,222)
10. Total (Lines 5 through 9) .....	7,308,611,444	7,836,102,005
11. Net cash from operations (Line 4 minus Line 10) .....	21,685,795	(510,442,646)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	1,860,577,628	2,242,349,063
12.2 Stocks .....	2,221,561,863	193,993,172
12.3 Mortgage loans .....		
12.4 Real estate .....		
12.5 Other invested assets .....	8,960,524	3,208,876
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7 Miscellaneous proceeds .....		
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	4,091,100,015	2,439,551,111
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	1,791,262,752	1,632,179,110
13.2 Stocks .....	2,228,752,009	204,377,427
13.3 Mortgage loans .....		
13.4 Real estate .....	719,375	41,707,959
13.5 Other invested assets .....		
13.6 Miscellaneous applications .....	7,172,159	14,798,122
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	4,027,906,295	1,893,062,618
14. Net increase (decrease) in contract loans and premium notes .....		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	63,193,721	546,488,493
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	(200,000,000)	(11,000,000)
16.2 Capital and paid in surplus, less treasury stock .....		
16.3 Borrowed funds .....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5 Dividends to stockholders .....		
16.6 Other cash provided (applied) .....	221,359,959	268,351,190
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	21,359,959	257,351,190
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	106,239,474	293,397,038
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	293,614,289	217,251
19.2 End of period (Line 18 plus Line 19.1) .....	399,853,763	293,614,289

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire .....	189,025,235	123,712,108	127,579,525	185,157,819
2.	Allied lines .....	150,879,052	93,787,957	98,243,308	146,423,701
3.	Farmowners multiple peril .....				
4.	Homeowners multiple peril .....	2,057,334,444	1,119,567,967	1,154,762,947	2,022,139,464
5.	Commercial multiple peril .....	565,408,275	268,015,657	279,513,614	553,910,318
6.	Mortgage guaranty .....				
8.	Ocean marine .....	20,302,240	9,834,618	10,728,495	19,408,364
9.	Inland marine .....	20,186,618	10,513,872	10,525,840	20,174,650
10.	Financial guaranty .....				
11.1	Medical professional liability - occurrence .....		1		1
11.2	Medical professional liability - claims-made .....				
12.	Earthquake .....	11,975,961	6,144,833	6,288,534	11,832,260
13.	Group accident and health .....				
14.	Credit accident and health (group and individual) .....				
15.	Other accident and health .....				
16.	Workers' compensation .....	132,446,429	59,055,980	56,246,016	135,256,392
17.1	Other liability - occurrence .....	36,872,509	66,057,665	40,979,563	61,950,612
17.2	Other liability - claims-made .....				
17.3	Excess workers' compensation .....				
18.1	Products liability - occurrence .....	46,170	18,073	14,515	49,728
18.2	Products liability - claims-made .....				
19.1, 19.2	Private passenger auto liability .....	2,360,435,276	633,881,696	645,513,172	2,348,803,800
19.3, 19.4	Commercial auto liability .....	129,375,789	41,865,899	49,750,666	121,491,022
21.	Auto physical damage .....	1,486,321,769	422,560,940	432,859,534	1,476,023,175
22.	Aircraft (all perils) .....				
23.	Fidelity .....	322,070	2,489	1,844	322,714
24.	Surety .....		(79)	(41)	(38)
26.	Burglary and theft .....	2,792	1,146	1,435	2,503
27.	Boiler and machinery .....	(8,814)	191,686	184,275	(1,402)
28.	Credit .....				
29.	International .....				
30.	Warranty .....				
31.	Reinsurance - nonproportional assumed property .....				
32.	Reinsurance - nonproportional assumed liability .....				
33.	Reinsurance - nonproportional assumed financial lines .....				
34.	Aggregate write-ins for other lines of business .....				
35.	<b>TOTALS</b>	<b>7,160,925,814</b>	<b>2,855,212,508</b>	<b>2,913,193,242</b>	<b>7,102,945,081</b>
<b>DETAILS OF WRITE-INS</b>					
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Summary of remaining write-ins for Line 34 from overflow page .....				
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)				

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire .....	127,579,525				127,579,525
2.	Allied lines .....	98,243,308				98,243,308
3.	Farmowners multiple peril .....					
4.	Homeowners multiple peril .....	1,154,762,929	18			1,154,762,947
5.	Commercial multiple peril .....	279,513,614				279,513,614
6.	Mortgage guaranty .....					
8.	Ocean marine .....	10,728,495				10,728,495
9.	Inland marine .....	10,525,840				10,525,840
10.	Financial guaranty .....					
11.1	Medical professional liability - occurrence .....					
11.2	Medical professional liability - claims-made .....					
12.	Earthquake .....	6,288,534				6,288,534
13.	Group accident and health .....					
14.	Credit accident and health (group and individual) .....					
15.	Other accident and health .....					
16.	Workers' compensation .....	56,246,016				56,246,016
17.1	Other liability - occurrence .....	40,973,352	6,211			40,979,563
17.2	Other liability - claims-made .....					
17.3	Excess workers' compensation .....					
18.1	Products liability - occurrence .....	14,515				14,515
18.2	Products liability - claims-made .....					
19.1, 19.2	Private passenger auto liability .....	645,513,172				645,513,172
19.3, 19.4	Commercial auto liability .....	49,750,666				49,750,666
21.	Auto physical damage .....	432,779,361	80,174			432,859,534
22.	Aircraft (all perils) .....					
23.	Fidelity .....	1,844				1,844
24.	Surety .....	(41)				(41)
26.	Burglary and theft .....	1,435				1,435
27.	Boiler and machinery .....	184,275				184,275
28.	Credit .....					
29.	International .....					
30.	Warranty .....					
31.	Reinsurance - nonproportional assumed property .....					
32.	Reinsurance - nonproportional assumed liability .....					
33.	Reinsurance - nonproportional assumed financial lines .....					
34.	Aggregate write-ins for other lines of business					
35.	<b>TOTALS</b>	<b>2,913,106,839</b>	<b>86,403</b>			<b>2,913,193,242</b>
36.	Accrued retrospective premiums based on experience .....					
37.	Earned but unbilled premiums .....					
38.	<b>Balance (Sum of Line 35 through 37)</b>					<b>2,913,193,242</b>
<b>DETAILS OF WRITE-INS</b>						
3401.	.....					
3402.	.....					
3403.	.....					
3498.	Summary of remaining write-ins for Line 34 from overflow page .....					
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)					

(a) State here basis of computation used in each case      Daily pro-rata .....

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE  
**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	9,982,849	544,104,173		204,886,361	160,175,426	189,025,235
2. Allied lines .....	16,420,143	466,291,318		204,991,772	126,840,637	150,879,052
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....	1,534,056,109	6,746,026,007	388,943	4,576,846,332	1,646,290,282	2,057,334,444
5. Commercial multiple peril .....	455,675,927	1,947,902,036		1,477,195,637	360,974,052	565,408,275
6. Mortgage guaranty .....						
8. Ocean marine .....		55,255,469		19,481,697	15,471,531	20,302,240
9. Inland marine .....	14,010,938	64,477,217		42,940,681	15,360,856	20,186,618
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....	17,516,314	42,430,700		38,900,017	9,071,036	11,975,961
13. Group accident and health .....						
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....	42,879,126	543,853,475		372,266,618	82,019,555	132,446,429
17.1 Other liability - occurrence .....	126,579,525	361,106,162	(3,473)	167,666,651	283,143,054	36,872,509
17.2 Other liability - claims-made .....						
17.3 Excess workers' compensation .....						
18.1 Products liability - occurrence .....	42,083	158,656		119,385	35,184	46,170
18.2 Products liability - claims-made .....						
19.1, 19.2 Private passenger auto liability .....	1,463,532,496	4,979,240,824		2,265,034,953	1,817,303,091	2,360,435,276
19.3, 19.4 Commercial auto liability .....	154,656,435	499,577,820		402,057,748	122,800,717	129,375,789
21. Auto physical damage .....	970,902,643	3,196,665,493		1,527,086,331	1,154,160,036	1,486,321,769
22. Aircraft (all perils) .....						
23. Fidelity .....	5,669	883,239		321,402	245,437	322,070
24. Surety .....						
26. Burglary and theft .....	1,908	9,893		6,882	2,127	2,792
27. Boiler and machinery .....	202,974	350,380		568,884	(6,717)	(8,814)
28. Credit .....						
29. International .....						
30. Warranty .....						
31. Reinsurance - nonproportional assumed property .....	XXX					
32. Reinsurance - nonproportional assumed liability .....	XXX					
33. Reinsurance - nonproportional assumed financial lines .....	XXX					
34. Aggregate write-ins for other lines of business .....						
35. TOTALS	4,806,465,139	19,448,332,860	385,470	11,300,371,351	5,793,886,304	7,160,925,814
<b>DETAILS OF WRITE-INS</b>						
3401. ....						
3402. ....						
3403. ....						
3498. Summary of remaining write-ins for Line 34 from overflow page .....						
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [ X ]

If yes: 1. The amount of such installment premiums \$ .....

2. Amount at which such installment premiums would have been reported had they been reported on an annualized basis \$ .....

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	6,819,153	332,068,068	233,925,299	104,961,922	16,164,542	14,445,520	106,680,943	57.6
2. Allied lines	4,141,830	110,973,301	88,343,017	26,772,114	3,048,479	3,699,600	26,120,992	17.8
3. Farmowners multiple peril					(1)	(2)	1	
4. Homeowners multiple peril	923,664,495	4,145,180,119	3,960,327,230	1,108,517,383	416,830,362	377,087,746	1,148,259,999	56.8
5. Commercial multiple peril	244,988,167	1,142,110,468	1,060,028,055	327,070,580	411,156,573	392,554,160	345,672,993	62.4
6. Mortgage guaranty								
8. Ocean marine		42,821,219	26,885,933	15,935,286	9,047,898	9,627,369	15,355,816	79.1
9. Inland marine	4,664,028	17,027,844	16,142,602	5,549,270	9,412,710	9,410,974	5,551,006	27.5
10. Financial guaranty								
11.1 Medical professional liability - occurrence					278,514	189,802	88,712	10,196,780.5
11.2 Medical professional liability - claims-made					1,660,655	1,515,864	144,791	103,422,142.9
12. Earthquake		597,493	473,820	123,673	466,717	602,365	(11,974)	(0.1)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	15,792,945	247,899,031	195,262,468	68,429,508	468,134,778	496,530,513	40,033,773	29.6
17.1 Other liability - occurrence	74,719,119	190,726,657	192,775,478	72,670,298	339,893,543	365,991,678	46,572,162	75.2
17.2 Other liability - claims-made								
17.3 Excess workers' compensation								
18.1 Products liability - occurrence		7,500	3,619	3,881	138,702	151,860	(9,276)	(18.7)
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	882,046,985	2,986,035,465	2,366,178,242	1,501,904,208	1,734,462,658	1,791,503,150	1,444,863,717	61.5
19.3, 19.4 Commercial auto liability	40,313,822	292,125,092	257,684,722	74,754,192	131,998,304	122,826,982	83,925,513	69.1
21. Auto physical damage	622,915,410	1,816,826,384	1,580,109,827	859,631,967	71,123,562	60,482,062	870,273,466	59.0
22. Aircraft (all perils)		332	94	237	28,445	28,445	237	
23. Fidelity					365,051	365,458	(407)	(0.1)
24. Surety		765,954	467,416	298,538	(4,018)	6,314	288,206	(751,319.7)
26. Burglary and theft		9,345	5,946	3,400	729	735	3,393	135.6
27. Boiler and machinery	28,383	25,550	67,602	(13,669)	63,535	77,771	(27,905)	1,989.7
28. Credit								
29. International								
30. Warranty								
31. Reinsurance - nonproportional assumed property	XXX							
32. Reinsurance - nonproportional assumed liability	XXX							
33. Reinsurance - nonproportional assumed financial lines	XXX							
34. Aggregate write-ins for other lines of business								
35. TOTALS	2,820,094,337	11,325,199,820	9,978,681,369	4,166,612,788	3,614,271,736	3,647,098,366	4,133,786,159	58.2
<b>DETAILS OF WRITE-INS</b>								
3401.								
3402.								
3403.								
3498.	Summary of remaining write-ins for Line 34 from overflow page							
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)							

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	577,579	26,143,140	17,178,749	9,541,971	469,489	42,736,654	36,583,572	16,164,542	4,576,240
2. Allied lines	240,318	4,636,510	3,666,692	1,210,135	2,667,278	43,810,509	44,639,443	3,048,479	2,622,110
3. Farmowners multiple peril						(3)	(2)	(1)	49
4. Homeowners multiple peril	119,475,661	991,435,881	829,047,074	281,864,468	232,136,944	697,663,633	794,834,683	416,830,362	103,423,692
5. Commercial multiple peril	140,663,607	663,410,804	610,331,638	193,742,773	247,413,321	816,399,757	846,399,278	411,156,573	168,643,982
6. Mortgage guaranty									
8. Ocean marine		14,739,339	7,380,729	7,358,610		4,578,513	2,889,225	9,047,898	664,805
9. Inland marine	58,694	16,773,302	8,502,031	8,329,965	780,795	3,514,491	3,212,542	9,412,710	455,292
10. Financial guaranty									
11.1 Medical professional liability - occurrence		1,272	942	329		439,280	161,094	278,514	169,540
11.2 Medical professional liability - claims-made		91,434	(45,203)	136,637		3,020,299	1,496,280	1,660,655	402,206
12. Earthquake		1,574,370	1,247,607	326,763	113,531	475,463	449,039	466,717	204,171
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health								(a)	
16. Workers' compensation	41,126,086	492,689,185	379,042,901	154,772,370	95,997,735	1,004,464,046	787,099,374	468,134,778	103,742,196
17.1 Other liability - occurrence	44,981,369	172,834,452	158,198,914	59,616,906	95,332,550	577,055,681	392,111,594	339,893,543	154,811,351
17.2 Other liability - claims-made									
17.3 Excess workers' compensation									
18.1 Products liability - occurrence		55,000	31,071	23,929	119,314	301,397	305,939	138,702	83,088
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability	503,845,042	1,547,330,955	1,265,990,550	785,185,447	1,269,243,253	1,703,007,388	2,022,973,430	1,734,462,658	457,517,335
19.3, 19.4 Commercial auto liability	42,998,939	228,577,493	213,066,277	58,510,155	69,989,164	285,764,227	282,265,242	131,998,304	32,948,180
21. Auto physical damage	131,006	19,030,698	4,865,080	14,296,624	79,054,461	180,752,932	202,980,455	71,123,562	28,506,242
22. Aircraft (all perils)		23,708	6,731	16,977		16,014	4,546	28,445	
23. Fidelity					6,420	927,602	568,971	365,051	241,953
24. Surety						(6,548)	(2,530)	(4,018)	1,383
26. Burglary and theft		676	422	253	44	1,379	947	729	343
27. Boiler and machinery					28,112	194,278	158,855	63,535	15,613
28. Credit									
29. International									
30. Warranty									
31. Reinsurance - nonproportional assumed property	XXX				XXX				
32. Reinsurance - nonproportional assumed liability	XXX				XXX				
33. Reinsurance - nonproportional assumed financial lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	894,098,301	4,179,348,218	3,498,512,204	1,574,934,316	2,093,352,411	5,365,116,989	5,419,131,979	3,614,271,736	1,059,029,772
<b>DETAILS OF WRITE-INS</b>									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)									

(a) Including \$ ..... for present value of life indemnity claims.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct .....	114,255,842			114,255,842
1.2 Reinsurance assumed .....	1,845,240,329			1,845,240,329
1.3 Reinsurance ceded .....	1,611,174,749			1,611,174,749
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3) .....	348,321,422			348,321,422
2. Commission and brokerage:				
2.1 Direct excluding contingent .....		552,331,984		552,331,984
2.2 Reinsurance assumed, excluding contingent .....		2,623,526,799		2,623,526,799
2.3 Reinsurance ceded, excluding contingent .....		2,733,799,123		2,733,799,123
2.4 Contingent - direct .....		51,360,334		51,360,334
2.5 Contingent - reinsurance assumed .....				
2.6 Contingent - reinsurance ceded .....				
2.7 Policy and membership fees .....				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....		493,419,995		493,419,995
3. Allowances to managers and agents .....		18,151,009		18,151,009
4. Advertising .....		142,871,090		142,871,090
5. Boards, bureaus and associations .....		10,112,622		10,112,622
6. Surveys and underwriting reports .....		64,473,116		64,473,116
7. Audit of assureds' records .....		2,109,077		2,109,077
8. Salary and related items:				
8.1 Salaries .....	159,609,421	663,493,137	5,263,013	828,365,572
8.2 Payroll taxes .....	16,862,710	47,883,585	372,962	65,119,256
9. Employee relations and welfare .....	102,773,959	240,980,796	19,718	343,774,473
10. Insurance .....	1,686,965	3,767,060		5,454,025
11. Directors' fees .....		1,940,958		1,940,958
12. Travel and travel items .....	12,667,811	17,777,310	236,864	30,681,984
13. Rent and rent items .....	14,780,137	65,376,638	2,617	80,159,392
14. Equipment .....	219,442	141,090,117	5,669	141,315,228
15. Cost or depreciation of EDP equipment and software .....	19,747,466	126,027,420		145,774,885
16. Printing and stationery .....	861,326	2,112,544	441,521	3,415,391
17. Postage, telephone and telegraph, exchange and express .....	5,589,016	41,773,626	3,959	47,366,600
18. Legal and auditing .....	2,634,591	3,370,195	246,720	6,251,506
19. Totals (Lines 3 to 18) .....	337,432,843	1,593,310,298	6,593,042	1,937,336,182
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....		230,650,941		230,650,941
20.2 Insurance department licenses and fees .....		14,200,704		14,200,704
20.3 Gross guaranty association assessments .....		1,288,607		1,288,607
20.4 All other (excluding federal and foreign income and real estate) .....	211,301	2,989,292		3,200,593
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	211,301	249,129,544		249,340,845
21. Real estate expenses .....			3,658,843	3,658,843
22. Real estate taxes .....			3,751,009	3,751,009
23. Reimbursements by uninsured plans .....				
24. Aggregate write-ins for miscellaneous expenses .....	24,000,933	38,172,108	3,009,027	65,182,068
25. Total expenses incurred .....	709,966,498	2,374,031,944	17,011,921	(a) 3,101,010,364
26. Less unpaid expenses - current year .....	1,059,029,772	32,133,054		1,091,162,826
27. Add unpaid expenses - prior year .....	1,069,435,044	28,496,961		1,097,932,005
28. Amounts receivable relating to uninsured plans, prior year .....				
29. Amounts receivable relating to uninsured plans, current year .....				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	720,371,771	2,370,395,851	17,011,921	3,107,779,543
<b>DETAILS OF WRITE-INS</b>				
2401. Miscellaneous IT-related ULAE expenses .....	24,000,933			24,000,933
2402. Miscellaneous IT-related agent network expenses .....		36,685,427		36,685,427
2403. Charitable contributions .....		1,486,681		1,486,681
2498. Summary of remaining write-ins for Line 24 from overflow page .....			3,009,027	3,009,027
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above) .....	24,000,933	38,172,108	3,009,027	65,182,068

(a) Includes management fees of \$ 1,447,730,773 to affiliates and \$ to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 18,382,204	17,216,434
1.1 Bonds exempt from U.S. tax	(a) 38,018,739	33,622,984
1.2 Other bonds (unaffiliated)	(a) 95,696,426	97,243,937
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	9,394,632	9,408,457
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 29,176,447	29,176,447
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 1,916,673	2,119,943
7. Derivative instruments	(f)	
8. Other invested assets	12,162,734	12,162,734
9. Aggregate write-ins for investment income	1,322,341	1,322,341
10. Total gross investment income	206,070,196	202,273,277
11. Investment expenses		(g) 13,260,912
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 3,751,009
13. Interest expense		(h) 113,827,729
14. Depreciation on real estate and other invested assets		(i) 15,593,479
15. Aggregate write-ins for deductions from investment income		(10,456)
16. Total deductions (Lines 11 through 15)		146,422,672
17. Net investment income (Line 10 minus Line 16)		55,850,605
<b>DETAILS OF WRITE-INS</b>		
0901. Misc Investment Income	1,322,341	1,322,341
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	1,322,341	1,322,341
1501. Investment Expenses		(10,456)
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		(10,456)

- (a) Includes \$ 5,848,974 accrual of discount less \$ 24,109,051 amortization of premium and less \$ 4,795,815 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ 243,910 paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 113,827,729 interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ 15,593,479 depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(3,557,148)		(3,557,148)		
1.1 Bonds exempt from U.S. tax	815,511		815,511		
1.2 Other bonds (unaffiliated)	(5,410,957)	(39,226)	(5,450,183)	(4,069,807)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	6,630,080	(3,720,061)	2,910,019	(50,269,933)	
2.21 Common stocks of affiliates				169,167,255	
3. Mortgage loans					
4. Real estate	268,169		268,169		
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(92)		(92)		
7. Derivative instruments					
8. Other invested assets	(8,170,904)		(8,170,904)	(1,122,966)	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	(9,425,341)	(3,759,287)	(13,184,628)	113,704,550	
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)					

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**EXHIBIT OF NON-ADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....			
2. Stocks (Schedule D):			
2.1 Preferred stocks .....			
2.2 Common stocks .....		127,221	127,221
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....			
3.2 Other than first liens .....			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....			
4.2 Properties held for the production of income .....			
4.3 Properties held for sale .....			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) .....			
6. Contract loans .....			
7. Derivatives (Schedule DB) .....			
8. Other invested assets (Schedule BA) .....	3,699,998		(3,699,998)
9. Receivables for securities .....			
10. Securities lending reinvested collateral assets (Schedule DL) .....			
11. Aggregate write-ins for invested assets .....			
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	3,699,998	127,221	(3,572,777)
13. Title plants (for Title insurers only) .....			
14. Investment income due and accrued .....	2,890	124	(2,766)
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	30,532,087	35,535,079	5,002,992
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3 Accrued retrospective premiums and contracts subject to redetermination .....			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....			
16.2 Funds held by or deposited with reinsured companies .....			
16.3 Other amounts receivable under reinsurance contracts .....			
17. Amounts receivable relating to uninsured plans .....			
18.1 Current federal and foreign income tax recoverable and interest thereon .....			
18.2 Net deferred tax asset .....	3,399,987	9,379,275	5,979,288
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....	14,488,178	6,777,114	(7,711,064)
21. Furniture and equipment, including health care delivery assets .....	31,889,492	33,327,328	1,437,836
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			
23. Receivables from parent, subsidiaries and affiliates .....			
24. Health care and other amounts receivable .....			
25. Aggregate write-ins for other than invested assets .....	104,651,338	141,350,774	36,699,436
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	188,663,971	226,496,916	37,832,945
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Lines 26 and 27)	188,663,971	226,496,916	37,832,945
<b>DETAILS OF WRITE-INS</b>			
1101. ....			
1102. ....			
1103. ....			
1198. Summary of remaining write-ins for Line 11 from overflow page .....			
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)			
2501. Other Assets .....	104,651,338	141,350,774	36,699,436
2502. ....			
2503. ....			
2598. Summary of remaining write-ins for Line 25 from overflow page .....			
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	104,651,338	141,350,774	36,699,436

## NOTES TO FINANCIAL STATEMENTS

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## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

#### A. Accounting Practices

The financial statements of Farmers Insurance Exchange (“FIE”) are presented on the basis of accounting practices prescribed or permitted by the Insurance Department of the state of California (“DOI”).

FIE recognizes only statutory accounting practices prescribed or permitted by the state of California (the “State”) for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the California Insurance Law. The National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures Manual (the “Codification”), version effective January 1, 2001 and subsequently amended (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the State. The State has adopted certain prescribed accounting practices that differ from those found in NAIC SAP, specifically requirements pertaining to computer hardware and software. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices. FIE did not utilize any permitted practices during the years presented.

A reconciliation of FIE’s net income and surplus between NAIC SAP and practices prescribed by the State of California for year-to-date December 31, 2018 and the year ended December 31, 2017 is shown below:

	SSAP #	F/S Page	F/S Line #	2018	2017
<u>NET INCOME</u>					
(1) California basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ (70,475,902)	\$ (65,414,126)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:				-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP:	XXX	XXX	XXX	-	-
(4) NAIC SAP (1-2-3=4)				\$ (70,475,902)	\$ (65,414,126)
<u>SURPLUS</u>					
(5) California basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 4,096,344,283	\$ 4,203,105,006
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:				-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP:				-	-
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ 4,096,344,283	\$ 4,203,105,006

#### B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### C. Accounting Policy

Premiums are earned pro rata over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Ceded unearned premium reserves under the All Lines reinsurance agreements (see Note 21C) are calculated based on a quota share percentage of the underlying pro-rata direct unearned premium reserves.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred.

In addition, FIE uses the following accounting policies:

- (1) Short-term investments include all investments whose maturities, at the time of acquisition, are greater than three months and less than one year and are stated at amortized cost, which approximates fair value.
- (2-4) Bonds not backed by other loans are generally carried at amortized cost or the lower of amortized cost or fair value depending on their NAIC designation. Bond premium or discount is amortized using the interest method.

Unaffiliated common stocks are carried at NAIC market value. The change in the stated value is recorded as a change in net unrealized capital gains or losses, a component of unassigned funds.

Redeemable preferred stocks are carried at amortized cost or at the lower of amortized cost or fair value, depending on their NAIC designation. Redeemable preferred stock premium or discount is amortized using the interest method. Non-redeemable preferred stocks are carried at market value or the lower of cost or fair value based on their NAIC designation.

## NOTES TO FINANCIAL STATEMENTS

FIE recognizes other-than-temporary impairment losses on investments when the decline in fair value specific to an issuer's fundamental credit difficulties, or a non-interest related decline, is deemed to be other than temporary. There are a number of assumptions and estimates inherent in evaluating impairments specific to an issuer's fundamental credit difficulties, or non-interest related decline, and determining if they are other than temporary, including: 1) FIE's ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value; 2) the recoverability of principal and interest; 3) the length of time and extent to which the fair value has been less than amortized cost for bonds or cost for unaffiliated common and preferred stocks; 4) the financial condition, near-term and long-term prospects of the issue or issuer, including relevant industry conditions and trends, and implications of rating agency actions and offering prices; and 5) the specific reasons that a security is in a significant unrealized loss position, including market conditions which could affect access to liquidity. Interest rate related impairments are deemed other than temporary when FIE has the intent to sell an investment, at the reporting date, before recovery of the cost of the investment.

The 2028 and 2048 Trust Notes owned by the Exchanges are equal to the obligations owed to it under the terms of the underlying surplus notes (Notes Payable), and as a result, the Trust Notes are carried at par value. The premiums paid for the tendered Trust Notes were charged to income as realized losses.

- (5) FIE has no mortgage loans.
- (6) Mortgage-backed bonds and structured securities are stated at either amortized cost or the lower of amortized cost or market value. Premiums and discounts on mortgage-backed securities and structured securities are amortized using the retrospective method, except for interest-only mortgage-backed securities, which are amortized using the prospective method.

Loan-backed securities with evidence of deterioration of credit quality for which it is probable that the company will be unable to collect all contractually required payments receivable, are written down to the present value of expected cash flows to be received.

- (7) Common stocks of insurance subsidiaries are carried on the equity basis. The change in the stated value is recorded as a change in net unrealized capital gains or losses, a component of unassigned funds.

FIE carries its interest in Bristol West Holdings, Inc., a non-insurance subsidiary, based on audited US GAAP equity adjusted to a statutory basis of accounting.

- (8) FIE has minor ownership interests in joint ventures and partnerships. FIE carries these interests based on the underlying audited GAAP equity of the investee with unrealized gains reflected in the capital and surplus. In addition, FIE also has 100% ownership interest in limited liability companies which in turn own real estate properties. These investments are reported on a depreciated historical basis, and marked down to fair value if impaired.

Investments in private equity are determined and carried based on fair value. Equity joint ventures fair value is derived from the equity amount of the Fund's audited financial statements with invested assets carried at fair value basis. Fair value for private equity investments are calculated by the Private Equity General Partner(s) using a number of methodologies, which include but are not limited to, public comparable EBITDA multiples, revenue multiples, discounted cash flow analysis and transaction comparable, to estimate fair value. The General Partner(s) also takes into consideration the financial condition and operating results of the investment, the nature of the investment, market information and other factors he/she deems appropriate. Due to the considerable judgment that is required in determining the fair value, amounts ultimately realized from each investment may vary significantly from the fair values presented.

- (9) Investments in derivative instruments, including warrants, are carried at fair value with the corresponding unrealized gain or loss flowing through unassigned funds. Realized gain or loss is reported in the net realized capital gain or loss line of the statement of operations. FIE does not have any investments in derivatives as of December 31, 2018.
- (10) FIE utilizes anticipated investment income in the calculation of premium deficiency reserves, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums. FIE evaluates the need for a premium deficiency reserve on a line of business level for all books. At December 31, 2018 and 2017, FIE had not established any premium deficiency reserves based on this calculation.
- (11) Reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported ("IBNR"). Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting reserves are continually reviewed and any adjustments are reflected in the period determined.
- (12) FIE has not modified its capitalization policy from the prior period.
- (13) Not applicable as FIE does not write any medical insurance with prescription drug coverage.

## NOTES TO FINANCIAL STATEMENTS

### D. Going Concern

Management has evaluated the reporting entity's ability to continue as a going concern, and is satisfied that it has adequate resources to enable it to continue in business for the foreseeable future.

## 2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

Effective January 1, 2018, "SSAP 26R - Bonds" was revised to allow for a new measurement alternative for bond exchange-traded funds ("ETFs") and bond mutual funds. This revision effectively removed Securities Valuation Office ("SVO") designated bond ETFs from the definition of a bond and also required the identification of instruments that will be measured using systematic value on January 1, 2018. In addition, these substantive changes made provisions for insurance companies to make a one-time election to record bond ETFs and bond mutual funds at either fair value or systematic value as of December 31, 2017. For insurers electing to use fair value, investments are to be recorded at market value immediately. However, if systematic value was elected, then insurers are required to use their existing method for 2017 but to then revert and use the systematic calculation beginning 2018. The adoption of these revisions had no material impact on FIE's 2018 statutory financial statements.

Effective January 1, 2018, the NAIC made substantive revisions to SSAP 100R "Fair Value" which allow for the use of net asset value ("NAV") as a practical expedient to fair value when specifically named in a Statement of Statutory Accounting Principles ("SSAP") or when specific conditions exist. The conditions include: 1) when the investment does not have a readily determinable fair value and 2) when the investment is in an investment company or real estate fund for which it is industry practice to measure investment assets at fair value on a recurring basis and to issue financials consistent with the principles of an investment company. Investments reported at NAV must be identified separately in the fair value hierarchy to permit reconciliations. Certain disclosures are required in instances when the asset may be sold below NAV, or if there are significant restrictions in the liquidation of an investment held at NAV. This revision and its adoption did not have any material impact on FIE's statutory financial statements.

## 3. BUSINESS COMBINATIONS AND GOODWILL

### A. Statutory Purchase Method

In March 2007, Farmers Group, Inc. ("FGI"), a subsidiary of Zurich Financial Services Group, announced that it had entered into a merger agreement with Bristol West Holdings, Inc., ("BRW"), under which FGI would acquire 100 percent of the common stock of BRW for \$713.5 million and assume \$100.0 million of debt obligations which was to be repaid immediately after closing. BRW is a leading provider of non-standard private passenger automobile liability and auto physical damage insurance across the United States and operates in 22 states. On July 3, 2007, the BRW shareholders, various regulatory bodies and others, granted the necessary approvals, and the acquisition was finalized. Subsequent to this acquisition, FGI sold, for \$420.0 million, the underlying insurance business to FIE, Truck, Fire, and Mid-Century Insurance Company ("Mid-Century") which represents an equity value of \$370.0 million plus \$50.0 million of debt assumption. In addition, FIE, Truck, Fire, and Mid-Century incurred fees of \$13.8 million. FIE's share of this acquisition was \$162.7 million (37.5%); Truck's share \$38.0 million (8.75%); Fire's share \$16.3 million (3.75%); and Mid-Century's \$216.9 million (50%). The acquisition was recorded using the statutory purchase method of accounting. Total goodwill recorded at acquisition among the companies was \$101.9 million. On September 30, 2008, FIE acquired an additional 4.5% ownership interest in BRW; 2.5% from Mid-Century and 2.0% from Truck. FIE recorded goodwill amortization of \$0.0 million and \$2.1 million for years ended December 31, 2018 and 2017, respectively.

On April 16, 2009, FGI announced the proposed acquisition of American International Group, Inc.'s ("21st Century") Personal Auto business, including 21st Century. Under the terms of the transaction, FGI would pay 21st Century \$1.9 billion, consisting of \$1.5 billion in cash and \$400.0 million in capital notes. Additionally, FGI would also solely assume 21st Century's outstanding debt of \$100.0 million. As part of the transaction, FGI would immediately sell the underlying insurance business to FIE, Truck Insurance Exchange ("Truck"), and Fire Insurance Exchanges ("Fire") for \$1.39 billion. On July 1, 2009, the 21st Century shareholders, various regulatory bodies and others, granted the necessary approvals, and the acquisition was finalized. Subsequent to this acquisition, FGI sold, for \$1.39 billion, the underlying insurance business to FIE, Truck, and Fire. In addition, FIE, Truck, and Fire incurred fees of \$6.0 million and also contributed \$55.0 million, in cash, of additional paid in capital to 21st Century. FIE's share of this acquisition was \$1,119.3 million (80.0%); Truck's share \$139.9 million (10.0%); and Fire's share \$139.9 million (10.0%). This acquisition was recorded using the statutory purchase method of accounting.

On April 1, 2018, FIE, Fire and TIE contributed 100% of their ownership interest in 21st Century to Mid-Century, a subsidiary, which is owned 80%, 10%, and 10%, respectively.

### B. Statutory Merger

Not applicable.

### C. Impairment Loss

None.

## NOTES TO FINANCIAL STATEMENTS

### 4. DISCONTINUED OPERATIONS

Not applicable.

### 5. INVESTMENTS

#### A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable

#### B. Debt Restructuring

	2018	2017
(1) The total recorded investment in restructured loans, as of year-end	\$ _____	\$3,659,753
(2) The realized capital losses related to these loans	\$ _____	_____
(3) Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	\$ _____	_____
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.		

#### C. Reverse Mortgages

Not applicable

#### D. Loan-Backed Securities

- (1) Prepayment assumptions were obtained from an external securities information service and are consistent with the current interest rate and economic environment.
- (2) Not applicable.
- (3) All loan backed other-than-temporary impairment securities were classified as such based on the fact that the present value of cash flows expected to be collected is less than the amortized cost basis of the security. See aggregate totals below.

CUSIP	Book/Adj Carry Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized Other-Than-Temporary Impairment	Amortized cost After Other-Than-Temporary Impairment	Fair Value
576434V76	\$ 928,178	\$ 897,897	\$ (30,280)	\$ 897,897	\$ 911,286
<b>Total Impaired in Quarter 2 2018</b>	<b>\$ 928,178</b>	<b>\$ 897,897</b>	<b>\$ (30,280)</b>	<b>\$ 897,897</b>	<b>\$ 911,286</b>
576434V76	825,450	816,504	(8,946)	813,332	822,278
<b>Total Impaired in Quarter 4 2018</b>	<b>\$ 825,450</b>	<b>\$ 816,504</b>	<b>\$ (8,946)</b>	<b>\$ 813,332</b>	<b>\$ 822,278</b>

- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:

1. Less than 12 months	(\$564,725)
2. 12 months or Longer	(\$5,967,160)

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months	\$66,589,978
2. 12 months or Longer	\$258,221,373

- (5) All loan-backed and structured securities were reviewed to determine if there were any indications of potential other-than-temporary impairment. If any indication of other-than-temporary impairment existed, then a cash flow and credit support analysis were performed. If it was determined that FIE was to receive less than 100% contractual cash flows, an other-than-temporary impairment was measured and taken in accordance with SSAP No. 43R.

## NOTES TO FINANCIAL STATEMENTS

### E. Dollar Repurchase Agreements and/or Securities Lending Transactions

(1) None.

(2-7) None.

### F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

(1-11) Not Applicable.

### G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

(1-10) Not Applicable.

### H. Repurchase Agreements Transactions Accounted for as a Sale

(1-9) Not Applicable.

### I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

(1-8) Not Applicable.

### J. Real Estate

(1) None.

(2) During 2018, FIE sold one operating property located in Tucson, Arizona and recognized a gain of \$268,169 in March 2018.

FIE has one operating property located in Chicago, Illinois listed for sale as of December 31, 2018. All properties held for sale are expected to be sold within 12 months.

(3-5) None.

### K. Low-Income Housing Tax Credits (LIHTC)

(1-7) None.

### L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						Current Year				
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity	Total	Total From Prior Year	Increase/ Decrease	Total Nonadmitted Restricted	Total Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Asset	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown											
b. Collateral held under security lending agreements											
c. Subject to repurchase agreements											
d. Subject to reverse repurchase agreements											
e. Subject to dollar repurchase agreements											
f. Subject to dollar reverse repurchase agreements											
g. Placed under option contracts											
h. Letter stock or securities restricted as to sale excluding FHLB capital stock											
i. FHLB capital stock											
j. On deposit with states	687,061,545	-	-	-	687,061,545	680,575,665	6,485,880	-	687,061,545	3.99%	4.04%
k. On deposit with other regulatory bodies											
l. Pledged as collateral to FHLB (including assets backing funding agreements)											
m. Pledged as collateral not captured in other categories											
n. Other restricted assets											
o. Total Restricted Assets	687,061,545	-	-	-	687,061,545	680,575,665	6,485,880	-	687,061,545	3.99%	4.04%

(2) Details of Assets Pledged as Collateral Not Captured in Other Categories

None.

## NOTES TO FINANCIAL STATEMENTS

(3) Detail of Other Restricted Assets

None.

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

None.

### M. Working Capital Finance Investments

Not Applicable.

### N. Offsetting and Netting of Assets and Liabilities

Not Applicable.

### O. Structured Notes

CUSIP identification number	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage-Referenced Security (Y/N)
06051GGF0	\$ 3,525,574	\$ 3,384,255	\$ 3,521,989	N
06051GHF9	20,010,800	19,728,800	20,012,716	N
06051GHL6	4,500,000	4,493,520	4,501,575	N
111021AE1	6,441,600	6,766,400	5,977,943	N
172967LV1	5,645,000	5,536,898	5,646,848	N
172967LW9	7,500,000	7,281,675	7,504,273	N
38141GWM2	3,715,000	3,538,092	3,714,863	N
38141GWV2	4,855,100	4,655,200	4,863,566	N
404280BM0	9,820,500	9,658,300	9,843,665	N
55608JAN8	5,330,000	5,215,725	5,334,739	N
61744YAK4	5,000,000	4,724,900	4,999,885	N
61744YAP3	4,873,400	4,774,000	4,880,493	N
780097BE0	3,590,000	3,442,056	3,589,823	N
85208NAA8	1,594,974	1,574,616	1,594,490	N
853254BJ8	15,000,000	14,487,750	15,003,463	N
86787EAX5	3,790,000	3,766,957	3,790,184	N
Total	\$ 105,191,948	\$ 103,029,144	\$ 104,780,516	XXX

### P. 5GI Securities

None.

### Q. Short Sales

(1-2) None.

### R. Prepayment Penalty and Acceleration Fees

	<u>General Account</u>	<u>Protected Cells</u>
(1) Number of CUSIPs	3	0
(2) Aggregate Amount of Investment Income	\$ 255,650	\$ 0

## 6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

A. FIE had no investments in joint ventures, partnerships or limited liability companies that exceeded 10% of its admitted assets at both December 31, 2018 and 2017.

B. FIE did not recognize any impairment write down for its investments in joint ventures, partnerships, and limited liability companies during the year ended December 31, 2018.

## 7. INVESTMENT INCOME

A. Investment income due and accrued with amounts over 90 days past due is non-admitted.

**NOTES TO FINANCIAL STATEMENTS**

B. The total amount of investment income due and accrued excluded from surplus was \$2,890 and \$124 at December 31, 2018 and 2017, respectively.

**8. DERIVATIVE INSTRUMENTS**

- A. Not Applicable.
- B. Not Applicable.
- C. Not Applicable.
- D. Not Applicable.
- E. Not Applicable.
- F. Not Applicable.
- G. Not Applicable.
- H. Not Applicable.

**9. INCOME TAXES**

**A. Deferred Tax Asset/(Liability)**

1. The components of the net deferred tax assets/(liability) at December 31 are as follows:

	12/31/2018			12/31/2017		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 289,876,960	\$ 7,674,533	\$ 297,551,493	\$ 269,397,367	\$ 4,382,622	\$ 273,779,989
(b) Statutory Valuation Allowance Adjustments	-	-	-	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	289,876,960	7,674,533	297,551,493	269,397,367	4,382,622	273,779,989
(d) Deferred Tax Assets Nonadmitted	3,399,987	-	3,399,987	9,379,275	-	9,379,275
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	286,476,973	7,674,533	294,151,506	260,018,092	4,382,622	264,400,714
(f) Deferred Tax Liabilities	35,968,348	20,484,306	56,452,654	11,457,953	30,847,133	42,305,086
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	<u>\$ 250,508,625</u>	<u>\$ (12,809,773)</u>	<u>\$ 237,698,852</u>	<u>\$ 248,560,139</u>	<u>\$ (26,464,511)</u>	<u>\$ 222,095,628</u>

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 20,479,593	\$ 3,291,911	\$ 23,771,504
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	20,479,593	3,291,911	23,771,504
(d) Deferred Tax Assets Nonadmitted	(5,979,288)	-	(5,979,288)
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	26,458,881	3,291,911	29,750,792
(f) Deferred Tax Liabilities	24,510,395	(10,362,827)	14,147,568
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	<u>\$ 1,948,486</u>	<u>\$ 13,654,738</u>	<u>\$ 15,603,224</u>

**NOTES TO FINANCIAL STATEMENTS**

2.

12/31/2018			12/31/2017		
(1)	(2)	(3)	(4)	(5)	(6)
Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.

\$	221,384,232	\$	7,674,533	\$	229,058,765	\$	205,152,900	\$	4,382,622	\$	209,535,522
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(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b) 2 Below)

13,918,189	(5,266,375)	8,651,814	12,847,931	(287,822)	12,560,109
------------	-------------	-----------	------------	-----------	------------

1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.

13,918,189	(5,266,375)	8,651,814	12,847,931	(287,822)	12,560,109
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2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.

---	---	520,290,104	---	---	601,173,916
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(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities

51,174,552	5,266,375	56,440,927	42,017,261	287,822	42,305,083
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(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))

\$	<u>286,476,973</u>	\$	<u>7,674,533</u>	\$	<u>294,151,506</u>	\$	<u>260,018,092</u>	\$	<u>4,382,622</u>	\$	<u>264,400,714</u>
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Change		
(7)	(8)	(9)
(Col 1-4)	(Col 2-5)	(Col 7+8)
Ordinary	Capital	Total

Admission Calculation Components SSAP No. 101

(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.

\$	16,231,332	\$	3,291,911	\$	19,523,243
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(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets from 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b) 2 Below)

1,070,258	(4,978,553)	(3,908,295)
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1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.

1,070,258	(4,978,553)	(3,908,295)
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2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.

---	---	(80,883,812)
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(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))

9,157,291	4,978,553	14,135,844			
\$	<u>26,458,881</u>	\$	<u>3,291,911</u>	\$	<u>29,750,792</u>

## NOTES TO FINANCIAL STATEMENTS

	2018	2017
3.		
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount	424%	391%
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	\$ 3,771,878,399	\$ 3,907,855,632

	12/31/2018		12/31/2017		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
4.						
Impact of Tax-Planning Strategies						
(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage						
1. Adjusted Gross DTAs Amount From Note 9A1(c)	\$ 289,876,960	\$ 7,674,533	\$ 269,397,367	\$ 4,382,622	\$ 20,479,593	\$ 3,291,911
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	\$ 286,476,973	\$ 7,674,533	\$ 260,018,092	\$ 4,382,622	\$ 26,458,881	\$ 3,291,911
4. Percentage Of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(b) Does the company's tax-planning strategies include the use of reinsurance? Yes [ ] No [X]

**B. Deferred Tax Liabilities Not Recognized**

FIE is currently recognizing all deferred tax liabilities.

**C. Current and Deferred Income Taxes**

Current income taxes incurred consist of the following major components:

	(1) 12/31/2018	(2) 12/31/2017	(3) (Col 1-2) Change
1. Current income tax			
(a) Federal	\$ 199,968,487	\$ 260,724,700	\$ (60,756,213)
(b) Foreign	-	-	-
(c) Subtotal	199,968,487	260,724,700	(60,756,213)
(d) Federal income tax on net capital gains	(3,063,731)	5,311,084	(8,374,815)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Attorney-in-fact credit	(246,615,440)	(366,628,857)	120,013,417
(g) Other Tax Credits	(1,791,116)	(2,094,906)	303,790
(h) Federal and foreign income taxes incurred	\$ (51,501,800)	\$ (102,687,979)	\$ 51,186,179

## NOTES TO FINANCIAL STATEMENTS

## 2. Deferred Tax Assets:

## (a) Ordinary

(1) Discounting of unpaid losses	\$	57,556,671	\$	37,626,660	\$	19,930,011
(2) Unearned premium reserve		125,720,408		123,070,440		2,649,968
(3) Policyholder reserves		-		-		-
(4) Investments		5,240,776		4,122,669		1,118,107
(5) Deferred acquisition costs		-		-		-
(6) Policyholder dividends accrual		-		-		-
(7) Fixed assets		210,620		791,342		(580,722)
(8) Compensation and benefit accrual		23,017,577		18,809,008		4,208,569
(9) Pension accrual		-		18,864		(18,864)
(10) Receivables - nonadmitted		6,411,738		7,462,367		(1,050,629)
(11) Net Operating Loss Carryover		-		-		-
(12) Tax credit carry-forward		-		-		-
(13) Other (including items <5% of total ordinary tax assets)		4,425,031		3,243,463		1,181,568
(14) Other assets - non admitted		32,493,698		38,105,621		(5,611,923)
(15) Intangible Assets		-		-		-
(16) Accrued expenses		13,351,815		12,572,794		779,021
(17) Post retirement accrual		16,599,475		17,436,258		(836,783)
(18) Guarantee Fund Asset (Receivable)		-		-		-
(19) Guarantee Fund Assessment		46,802		54,097		(7,295)
(20) Litigation Accrual		4,802,349		6,083,784		(1,281,435)
(99) Subtotal		<u>289,876,960</u>		<u>269,397,367</u>		<u>20,479,593</u>
(b) Statutory valuation allowance adjustment		-		-		-
(c) Nonadmitted		<u>3,399,987</u>		<u>9,379,275</u>		<u>(5,979,288)</u>
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$	<u>286,476,973</u>	\$	<u>260,018,092</u>	\$	<u>26,458,881</u>

## (e) Capital:

(1) Investments	\$	5,928,831	\$	930,785	\$	4,998,046
(2) Net capital loss carry-forward		-		-		-
(3) Real estate		193,746		429,585		(235,839)
(4) Other (including items <5% of total capital tax as		-		-		-
(5) Investment write downs		1,551,956		3,022,252		(1,470,296)
(99) Subtotal		<u>7,674,533</u>		<u>4,382,622</u>		<u>3,291,911</u>
(f) Statutory valuation allowance adjustment		-		-		-
(g) Nonadmitted		<u>-</u>		<u>-</u>		<u>-</u>
(h) Admitted capital deferred tax assets (2e99-2f-2g)		<u>7,674,533</u>		<u>4,382,622</u>		<u>3,291,911</u>
(i) Admitted deferred tax assets (2d+2h)	\$	<u>294,151,506</u>	\$	<u>264,400,714</u>	\$	<u>29,750,792</u>

**NOTES TO FINANCIAL STATEMENTS**

(1)	(2)	(3)
12/31/2018	12/31/2017	(Col 1-2) Change

3. Deferred tax liabilities:

(a) Ordinary

(1) Investments	\$ -	\$ -	\$ -
(2) Fixed assets	10,017,221	6,571,352	3,445,869
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	845,879	895,650	(49,771)
(6) Pension liabilities	20,324	-	20,324
(7) BOLI / ICOLI	-	-	-
(8) Guaranty Funds Receivable	-	-	-
(9) Interest on Surplus Notes	3,987,269	3,990,951	(3,682)
(10) Discounting of unpaid losses - Transition Adj.	21,097,655	-	21,097,655
(99) Subtotal	<u>\$ 35,968,348</u>	<u>\$ 11,457,953</u>	<u>\$ 24,510,395</u>

(b) Capital:

(1) Investments	\$ 20,484,306	\$ 30,847,133	\$ (10,362,827)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	<u>\$ 20,484,306</u>	<u>\$ 30,847,133</u>	<u>\$ (10,362,827)</u>

(c) Deferred tax liabilities (3a99 + 3b99)	<u>\$ 56,452,654</u>	<u>\$ 42,305,086</u>	<u>\$ 14,147,568</u>
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4. Net deferred tax assets/liabilities (2i - 3c)	<u>237,698,852</u>	<u>\$ 222,095,628</u>	<u>\$ 15,603,224</u>
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5. The change in net deferred income taxes is composed of the following at December 31, 2018 and December 31, 2017 are as follows:

(1)	(2)	(3)
12/31/2018	12/31/2017	(Col 1-2) Change

Adjusted gross deferred tax assets	\$ 297,551,493	\$ 273,779,989	\$ 23,771,504
Total deferred tax liabilities	<u>56,452,654</u>	<u>42,305,086</u>	<u>14,147,568</u>
Net deferred tax asset	241,098,839	231,474,903	9,623,936
Tax effect of unrealized (gains) losses			11,650,809
Change in net deferred income tax (charge)/benefit			<u>\$ (2,026,873)</u>

**D. Reconciliation of Federal income Tax Rate to Actual Effective Rate.**

Among the more significant book to tax adjustments were the following:

(1)	Effective Tax Rate
12/31/2018	

Provision computed at statutory rate	\$ (25,615,319)	21.00%
Tax-exempt interest	(6,830,024)	5.60%
Dividend received deduction	(931,658)	0.76%
25% exemption adjustment	1,940,420	(1.59%)
Unallowable deductions	1,614,215	(1.32%)
BOLI / ICOLI	3,161,956	(2.59%)
Tax credits	(1,791,116)	1.47%
Net Interest Receivable	(12,112,277)	9.93%
Prior year under/(over) accrual of income taxes	(15,573,678)	12.77%
Change in nonadmitted assets	6,662,553	(5.46%)
Other	0	0.00%
Total	<u>\$ (49,474,927)</u>	<u>40.56%</u>
Federal income tax incurred/(benefit)	\$ (48,438,069)	39.71%
Tax on capital gains/(losses)	(3,063,731)	2.51%
Less: Change in net deferred income tax	<u>2,026,873</u>	<u>(1.66%)</u>
Total statutory income taxes	<u>\$ (49,474,927)</u>	<u>40.56%</u>

## NOTES TO FINANCIAL STATEMENTS

### E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

- When available, FIE utilizes net operating loss carry forwards to offset taxable income under the terms of the tax sharing agreement. As of December 31, 2018, FIE did not have any net operating loss carry forwards. Certain net operating loss carry forwards, as well as tax goodwill amortization, are subject to an annual limitation under Internal Revenue Code section 382.
- The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses as of December 31, 2018 and December 31, 2017:

	<u>Amount</u>
Current year	\$ 247,984,781
First preceding year	164,023,983

- Deposits admitted under Internal Revenue Service Code Section 6603 None

### F. Consolidated Federal Income Tax Return

- FIEs federal income tax return is consolidated with the following entities, with Farmers Insurance Exchange as the parent company.

Farmers Insurance Exchange	Hawaii Insurance Consultants Ltd.
American Pacific Insurance Company, Inc.	Mid-Century Insurance Company
Bristol West Casualty Insurance Company	Mid-Century Insurance Company of Texas
Bristol West Holdings, Inc.	Illinois Farmers Insurance Company
Bristol West Insurance Company	Security National Insurance Company
Bristol West Insurance Services of California, Inc.	Texas Farmers Insurance Company
Bristol West Insurance Services, Inc. of Florida	Western Star Insurance Services, Inc.
Bristol West Preferred Insurance Company	21st Century Advantage Insurance Company
BWIS of Nevada, Inc.	21st Century Assurance Company
Coast National General Agency, Inc.	21st Century Auto Insurance Company of New Jersey
Coast National Holding Company	21st Century Casualty Company
Coast National Insurance Company	21st Century Centennial Insurance Company
Farmers Insurance Company of Idaho	21st Century Indemnity Insurance Company
Farmers Insurance Company of Oregon	21st Century Insurance & Financial Services
Farmers Insurance Company, Inc.	21st Century Insurance Company
Farmers Insurance Hawaii, Inc.	21st Century Insurance Company of the Southwest
Farmers Insurance of Columbus, Inc.	21st Century Insurance Group
Farmers New Century Insurance Company	21st Century National Insurance Company
Farmers Specialty Insurance Company	21st Century North America Insurance Company
Kraft Lake Insurance Agency Inc.	21st Century Pacific Insurance Company
Foremost Express Insurance Agency, Inc.	21st Century Pinnacle Insurance Company
Foremost Financial Services Corporation	21st Century Preferred Insurance Company
Foremost Insurance Company Grand Rapids, Michigan	21st Century Premier Insurance Company
Foremost Lloyds of Texas	21st Century Security Insurance Company
Foremost Property and Casualty Insurance Company	21st Century Superior Insurance Company
Foremost Signature Insurance Company	50th State Risk Management Services, Inc.

- Farmers Insurance Exchange ("FIE") and its eligible affiliates have executed a tax-sharing agreement whereby FIE receives from its affiliates the tax they would pay if they had filed separate returns and pays to the affiliates amounts for any tax benefits reported. Any expense or benefit so derived is recognized in the respective affiliate's current year tax provision. Intercompany tax balances are settled monthly based on estimates with the final settlement made annually within 30 days after the return has been filed.

### G. Federal or Foreign Federal Income Tax Loss Contingencies

FIE does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

### Other.

#### Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act (H.R.1) was enacted into law on December 22, 2017. The Act changes existing United States tax law and includes numerous provisions affecting businesses, including reducing the federal corporate tax rate from 35% to 21% and several base-broadening provisions. The Company re-valued the deferred tax assets and liabilities in the December 31, 2017 financial statements, but was awaiting additional guidance and information to determine the transition adjustment on the tax basis discounted unpaid loss reserves.

The NAIC issued INT 18-01: Updated Tax Estimates under the Tax Cuts and Jobs Act to address the application of statutory accounting principles when a reporting entity does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act and provided that any subsequent adjustment to these amounts will be recorded in the period when the information necessary to update the estimate becomes available.

In the 2018 financial statements, the Company provisioned for the federal corporate tax rate reduction and the tax effect on the base-broadening provisions. Additionally, the Company refined the tax impact resulting from the Tax Cuts and Jobs Act, including the transition adjustment for the tax basis discounted unpaid loss reserves.

The tax effect of the transition adjustment is \$24.1 million and the adjustment will be taken into taxable income for tax years 2018-2025. The transition adjustment increased the net admitted deferred tax assets by \$19.8 million as of December 31, 2018.

## NOTES TO FINANCIAL STATEMENTS

### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES, AND OTHER RELATED PARTIES

- A. FIE is organized under the laws of the state of California and is the lead company in the Farmers Intercompany Pool. Farmers P&C Companies is comprised of FIE, Fire, and Truck, their respective insurance subsidiaries, Farmers Texas County Mutual Insurance Company, Foremost County Mutual Insurance Company, and Foremost Lloyds of Texas. The subsidiaries of FIE, Fire and Truck include, among others, Foremost Insurance Company Grand Rapids and its subsidiaries, which were acquired on March 7, 2000, Bristol West Holdings, Inc. and its subsidiaries, which were acquired on July 3, 2007 and the 21st Century companies which were acquired on July 1, 2009.
- B. On April 1, 2018, FIE, Fire and TIE contributed 100% of their ownership interest in 21st Century to Mid-Century. Subsidiary, which is owned 80%, 10%, and 10%, respectively.
- C. The contribution and subsequent change in the ownership of 21<sup>st</sup> Century to Mid Century effective 4/1/2018 did not have any impact on the overall financial statements of FIE, Fire and Truck, with their direct and indirect ownership in Mid Century as well as 21<sup>st</sup> Century still remaining at 80%, 10%, and 10%, respectively.
- D. At December 31, 2018 and 2017, FIE reported \$382.0 million and \$211.4 million due from affiliates, respectively. The terms of settlement require that these amounts be settled within 45 days.
- E. There are no guarantees or undertakings, written or otherwise, for the benefit of an affiliate (see Note 14A).
- F. Certain members of the Farmers Property and Casualty Companies (collectively, "Farmers") participate in an intercompany reinsurance agreement in which they share in the net premiums and ultimate losses of affiliates. With FIE as the lead company, Farmers' companies, except Farmers Reinsurance Company, and 21st affiliates (effective July 1, 2009), cede all of their direct and assumed personal business and business insurance to FIE, which then retrocedes a share of the business back to the participants according to their respective participation percentages (see Note 26). For the year ended December 31, 2018, FIE assumed \$7,160.9 million in net premiums written, \$7,102.9 million in net premiums earned, and \$4,133.8 million in net losses incurred, as result of its participation in the intercompany reinsurance agreement.

FIE has separate agreements for adjustment services with both Fire Insurance Exchange ("Fire") and Truck Insurance Exchange ("Truck") pursuant to which Fire and Truck utilize the services of the employees of Farmers Insurance Exchange in the handling of its claims.

FIE has a service agreement with Farmers Insurance Company, Inc. ("FICO, Inc.") whereby the FICO, Inc. provides claims handling and support services for FIE at its facilities located in Olathe, Kansas, and Oklahoma City, Oklahoma. In addition, FIE has a separate service agreement with the FICO, Inc. Under the terms of this agreement, FIE provides various services to the FICO, Inc. as are necessary and appropriate for the FICO, Inc. to discharge its obligations to its policyholders, shareholders and regulators. This agreement broadly encompasses, claims adjustment services, investment management services, preparation of insurance policies, billing and collections, and other administrative services.

FIE has separate service agreements with Mid-Century Insurance Company of Texas ("MCT") and the Texas Farmers Insurance Company ("TFIC"), which provide for FIE to collect premiums receipts and provide appropriate accounting for premiums collected by MCT and TFIC, including the reconciliation of policyholder records and monthly settlement of all balances. In addition, FIE has another separate service agreements with the MCT and TFIC, to supplement the premium collection agreements. Under the terms of these supplemental agreements, FIE provides various services to MCT and TFIC as are necessary and appropriate for these two companies to discharge their obligations to policyholders, shareholders and regulators. These agreements broadly encompass, claims adjustment services, investment management services, preparation of insurance policies, billing and collections, and other administrative services.

FIE has service agreements with several of its insurance subsidiaries and affiliates. Under the terms of these agreements, FIE provides various services to each of these companies as are necessary and appropriate for these companies to discharge their obligations to their policyholders, shareholders and regulators. These agreements broadly encompass, claims adjustment services, investment management services, preparation of insurance policies, billing and collections, and other administrative services. Following are the companies with service agreements with FIE:

**NOTES TO FINANCIAL STATEMENTS**

<b>Company Name</b>	<b>NAIC Company Code</b>	<b>State of Domicile</b>
21st Century North America Insurance Company	32220	New York
Bristol West Casualty Insurance Company	11034	Ohio
Bristol West Insurance Company	19658	Ohio
Bristol West Preferred Insurance Company	12774	Michigan
Civic Property and Casualty Company	10315	California
Coast National Insurance Company	25089	California
Exact Property and Casualty Company	10318	California
Farmers Insurance Company of Arizona	21598	Arizona
Farmers Insurance Company of Idaho	21601	Idaho
Farmers Insurance Company of Oregon	21636	Oregon
Farmers Insurance Company of Washington	21644	Washington
Farmers Insurance of Columbus, Inc.	36889	Ohio
Farmers New Century Insurance Company	10806	Illinois
Farmers New World Life	63177	Washington
Foremost Insurance Company, Grand Rapids	11185	Michigan
Illinois Farmers Insurance Company	21679	Illinois
Mid-Century Insurance Company	21687	California
Neighborhood Spirit Property and Casualty Company	10317	California
Security National Insurance Company	33120	Florida

FIE provides marketing, legal services, warehouse and distribution services, audit and training, and related services to the FFS Holding, LLC, pursuant to a Service Agreement effective March 1, 2017.

FIE provides marketing, underwriting, reinsurance, operational and related services to the Zurich Personal Insurance business of Maryland Casualty Company, Assurance Company of America, National Standard Insurance Company, Northern Insurance Company of New York, and Universal Underwriters Insurance Company, pursuant to a Service Agreement effective January 1, 1999.

FIE provides certain claims adjusting services for the benefit of Zurich American Insurance Company and its United States affiliated insurers (collectively, "Zurich U.S."), pursuant to a Service Agreement entered into between the parties in November 2000. Under this Agreement, FIE handles, adjudicates, and adjusts Zurich U.S. private passenger auto claims, and is reimbursed for services provided.

Zurich American Insurance Company or its affiliates provide administrative, underwriting, policy issuance, and related services to FIE, Fire Ins Exchange, Truck Ins Exchange, and Mid-Century Insurance Company, in conjunction with the following specific insurance programs:

Mechanical Breakdown Insurance Program: Service Agreement between Universal Underwriters Insurance Company and FIE, effective September 1, 1998.

Equipment Breakdown Insurance Program. Service Agreement between Zurich Services Corporation and FIE, Truck Ins Exchange, Mid-Century Insurance Company, Civic Property and Casualty Company, Exact Property and Casualty, and Neighborhood Spirit Property and Casualty Company, effective November 1, 2000.

Managed Care Program. Services Agreement between Zurich Services Corporation and FIE, Fire Insurance Exchange, Truck Insurance Exchange and Mid-Century Insurance Company, effective November 6, 2000.

FIE entered into a Service agreement, dated December 7, 2009, whereby Farmers provides collision claims services for Zurich Compania de Seguros, S.A ("Zurich Mexico") policyholders who wish to have their motor vehicles repaired in the United States for losses which occur in Mexico and which are covered by Zurich Mexico's "Zmart" insurance policies.

Farmers Insurance Exchange entered into a Consultancy Agreement, dated August 12, 2010, with Zurich Services Corporation, pursuant to which Zurich Services Corporation will provide risk engineering assessment services to Farmers Insurance Exchange.

## NOTES TO FINANCIAL STATEMENTS

G. FIE is governed by a Board of Governors elected by its policyholders. Management services are provided to FIE by FGI, doing business as Farmers Underwriters Association, its Attorney-in-Fact. FGI is a wholly-owned subsidiary of Zurich Financial Services.

FIE is one of the Farmers' companies, which is comprised of Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, Mid-Century Insurance Company, Farmers New Century Insurance Company, Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Illinois Farmers Insurance Company, Farmers Insurance Company, Inc., Farmers Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance of Columbus, Inc., Civic Property and Casualty Company, Exact Property and Casualty Company, Neighborhood Spirit Property and Casualty Company, Farmers Texas County Mutual Insurance Company, Farmers Reinsurance Company, Foremost Insurance Company Grand Rapids, Michigan, Foremost Property and Casualty Insurance Company, Farmers Specialty Insurance Company, Foremost Signature Insurance Company, Foremost County Mutual Insurance Company, Foremost Lloyds of Texas, Bristol West Casualty Insurance Company, Bristol West Insurance Company, Bristol West Preferred Insurance Company, Coast National Insurance Company, and Security National Insurance Company. Others are: 21st Century North America Insurance Company, 21st Century Centennial Insurance Company, 21st Century Premier Insurance Company, Farmers Insurance Hawaii, Inc., 21st Century Superior Insurance Company, 21st Century Advantage Insurance Company, 21st Century Preferred Insurance Company, 21st Century Pinnacle Insurance Company, 21st Century Indemnity Insurance Company, 21st Century Auto Insurance Company of New Jersey, American Pacific Insurance Company, Inc., 21st Century Pacific Insurance Company, 21st Century Assurance Company, 21st Century Insurance Company, 21st Century Casualty Company, and 21st Century Insurance Company of the Southwest. For more details on ownership, see Schedule Y.

H. FIE does not own shares of an upstream intermediate or ultimate parent, which are applicable under Section 4(B)(b)(x) of the NAIC Valuation of Securities manual.

I. FIE had no investments in an individual Subsidiary, Controlled, or Affiliated entity ("SCA") that exceeded 10% of its admitted assets at both December 31, 2018 and 2017.

J. FIE did not recognize any impairment write down on investments in SCA's during the years ended December 31, 2018 and 2017.

K. FIE does not have any investments in foreign insurance companies.

L. FIE owns equity interest in Foremost and Bristol West Holdings, Inc., both non-insurance subsidiaries, as well as the various 21st Century non-insurance subsidiaries, which is carried based on audited US GAAP equity adjusted to a statutory basis of accounting.

M. FIE's direct and indirect ownership and equity interest in all non-insurance SCA's average is approximately 80%, with the remaining 20% held by TIE and Fire at about 10%, each. FIE's ownership share of the aggregate total admitted and non-admitted balance sheet amounts of all non-insurance SCA's were \$218.7 million. The aggregate total admitted and non-admitted non-insurance SCA's amounts are as follows:

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (except 8bi entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities		\$ -	\$ -	\$ -
Total SSAP No. 97 8a Entities	XXX	\$ -	\$ -	\$ -
b. SSAP No. 97 8b(ii) Entities				
Bristol West Holdings, Inc	42	\$ 218,728,724	\$ 218,728,724	\$ -
Total SSAP No. 97 8b(ii) Entities	XXX	\$ 218,728,724	\$ 218,728,724	\$ -
c. SSAP No. 97 8b(iii) Entities				
None		\$ -	\$ -	\$ -
Total SSAP No. 97 8b(iii) Entities	XXX	\$ -	\$ -	\$ -
d. SSAP No. 97 8b(iv) Entities				
None		\$ -	\$ -	\$ -
Total SSAP No. 97 8b(i) Entities	XXX	\$ -	\$ -	\$ -
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	\$ 218,728,724	\$ 218,728,724	\$ -
f. Aggregate Total (a+e)	XXX	\$ 218,728,724	\$ 218,728,724	\$ -

(2) NAIC Filing Response Information

**NOTES TO FINANCIAL STATEMENTS**

<u>SCA Entity</u> <u>(Should be same entities as shown in M(1) above.)</u>	<u>Type of NAIC Filing*</u>	<u>Date of Filing to the NAIC</u>	<u>NAIC Valuation Amount</u>	<u>NAIC Response Received Y/N</u>	<u>NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N</u>	<u>Code**</u>
a. SSAP No. 97 8a Entities			\$ -			
Total SSAP No. 97 8a Entities	<u>XXX</u>	<u>XXX</u>	\$ -	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
b. SSAP No. 97 8b(ii) Entities						
21St Century Ins & Financial Services	S2	8/30/2018	\$ -	Y	N	
21St Century Ins Group	S2	8/30/2018	\$ 809,230,396	Y	N	
Hawaii Ins Consultants, Ltd	S2	8/30/2018	\$ -	Y	N	
Bristol West Holdings, Inc	S2	8/30/2018	\$ 215,735,371	Y	N	
Total SSAP No. 97 8b(ii) Entities	<u>XXX</u>	<u>XXX</u>	\$ 1,024,965,767	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
c. SSAP No. 97 8b(iii) Entities			\$ -			
Total SSAP No. 97 8b(iii) Entities	<u>XXX</u>	<u>XXX</u>	\$ -	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
d. SSAP No. 97 8b(iv) Entities			\$ -			
Total SSAP No. 97 8b(i) Entities	<u>XXX</u>	<u>XXX</u>	\$ -	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	<u>XXX</u>	<u>XXX</u>	\$ 1,024,965,767	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
f. Aggregate Total (a+e)	<u>XXX</u>	<u>XXX</u>	\$ 1,024,965,767	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>

N. FIE does not have any SCA where its audited statutory equity departs from NAIC statutory equity.

O. Not applicable.

**11. DEBT**

Not applicable.

**12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS**

**A. Defined Benefit Plans**

**Postretirement Benefits**

FIE and certain members of Farmers provide certain postretirement benefits to retired employees. For retirees who retired before January 1, 2010, Farmers postretirement benefits plan provides a contributory defined dollar plan for pre-65 benefit and Premium Reimbursement Account (“PRA”) for post-65 benefit. Participants retiring on or after January 1, 2010 are eligible to participate in the Health Retirement Account (“HRA”) and the PRA. Under current plan provisions, health benefits are available for all employees who participated in Farmers group medical benefits plan immediately prior to retirement at age 55 or later with at least 5 years of service. Farmers contributes to the plan only for those who retire with at least 10 years of service. The PRA is not available to those hired after December 31, 2010. The cost of such benefits is accrued over the service period of the employees based on the actuarially determined cost for the period. Employees who retired before January 1, 2010 are also eligible for a life insurance benefit. Obligations for the postretirement benefits plan are paid from Farmers assets. There were no assets separated and allocated to this plan.

A summary of assets, obligations and assumptions of the Postretirement Benefit Plans are as follows at December 31, 2018 and 2017:

(1) Change in benefit obligation

a. Pension Benefits

None.

b. Postretirement Benefits

**NOTES TO FINANCIAL STATEMENTS**

		Underfunded	
		2018	2017
1	Benefit obligation at beginning of year	160,444,063	145,386,025
	Adoption of SSAP #92 for 2013		
2	Service cost	8,312,626	7,910,436
3	Interest cost	5,156,422	4,959,246
4	Contribution by plan participants	973,581	887,780
5	Actuarial (gain) /loss	(17,270,754)	8,848,781
6	Foreign currency exchange rate changes		
7	Benefits paid	(4,871,750)	(7,548,205)
8	Plan amendments		
9	Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-
10	Benefit obligation at end of year	152,744,188	160,444,063

c. Postemployment & Compensated Absence Benefits

None

(2) Change in plan assets

		Postretirement Benefits	
		2018	2017
a.	Fair value of plan assets at beginning of year	-	-
b.	Actual return on plan assets	-	-
c.	Foreign currency exchange rate changes	-	-
d.	Reporting entity Employer contribution	3,898,169	6,660,425
e.	Plan participants' contributions	973,581	887,780
f.	Benefits paid	(4,871,750)	(7,548,205)
g.	Business combinations, divestitures and settlements	-	-
h.	Fair value of plan assets at end of year	-	-

(3) Funded Status

		Postretirement Benefits	
		2018	2017
a.	Components:		
1.	Prepaid benefit costs	-	-
2.	Overfunded plan assets	-	-
3.	Accrued benefit costs	(152,744,188)	(160,444,063)
4.	Liability for pension benefits	-	-
b.	Assets and liabilities recognized		
1.	Assets (nonadmitted)	-	-
2.	Liabilities recognized	(152,744,188)	(160,444,063)
c.	Unrecognized liabilities	-	-

(4) Components of net periodic cost

		Postretirement Benefits	
		2018	2017
a.	Service cost	8,312,626	7,910,436
b.	Interest cost	5,156,422	4,959,246
c.	Expected return on plan assets		
d.	Transition asset or obligation		
e.	Gains and losses	-	(620,871)
f.	Prior service cost or credit	4,216,332	4,216,332
g.	Gain or loss recognized due to a settlement or curtailment	-	-
h.	Total net periodic benefit cost	17,685,380	16,465,143

(5) Other amounts recognized in unassigned funds/(surplus).

**NOTES TO FINANCIAL STATEMENTS**

		<b>Postretirement Benefits</b>	
		<b>2018</b>	<b>2017</b>
a.	Items not yet recognized as a component of net periodic cost – prior year	(3,936,629)	(9,189,949)
b.	Net transition asset or obligation recognized		-
c.	Net prior service cost or credit arising during the period		
d.	Net prior service cost or credit recognized	(4,216,332)	(4,216,332)
e.	Net gain and loss arising during the period	-	620,871
f.	Net gain and loss recognized	(17,270,754)	8,848,781
g.	Items not yet recognized as a component of net periodic cost – current year	(25,423,715)	(3,936,629)

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost.

		<b>Postretirement Benefits</b>	
		<b>2018</b>	<b>2017</b>
a.	Net transition asset or obligation	-	-
b.	Net prior service cost or credit	4,007,086	4,216,332
c.	Net recognized gains and losses	(988,410)	

(7) Amounts not yet recognized in net periodic benefit cost.

		<b>Postretirement Benefits</b>	
		<b>2018</b>	<b>2017</b>
a.	Net transition asset or obligation	-	-
b.	Net prior service cost or credit	1,987,385	6,203,717
c.	Net recognized gains and losses	(27,411,100)	(10,140,346)

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:

		<b>2018</b>	<b>2017</b>
a.	Weighted-average discount rate	3.50%	3.91%
b.	Expected long-term rate of return on plan assets	N/A	N/A
c.	Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

		<b>2018</b>	<b>2017</b>
d.	Weighted-average discount rate	4.16%	3.50%
e.	Rate of compensation increase	N/A	N/A

(9) The amount of the accumulated benefit obligation for postretirement benefit plans under statutory accounting was \$152.7 million for the current year and \$160.4 million for the prior year.

(10) In 2018 and 2017 there were no material changes to Farmers’ companies Postretirement Welfare Plan. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. The health care cost trend rate for participants who retired before January 1, 1991 was 6.75% during 2018, graded down to 5.0% in 2026.

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one point change in assumed health care cost trend rates would have the following effects:

		<b>1% Increase</b>	<b>1% Decrease</b>
a.	Effect on total of service and interest cost components	4,088	(7,889)
b.	Effect on postretirement benefit obligation	325,598	(392,317)

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

## NOTES TO FINANCIAL STATEMENTS

	Year(s)	Amount
a.	2019	\$7,811,282
b.	2020	9,049,577
c.	2021	10,310,134
d.	2022	10,942,370
e.	2023	11,578,247
f.	2024 - 2028	65,395,400

(13) Farmers' companies currently plan to make contributions to the postretirement benefits plan of \$7.8 million in 2019. Farmers' share of this postretirement benefit contribution is \$4.0 million.

Farmers' companies total benefit obligation under statutory accounting at the end of 2018 and 2017 was \$152.7 million and \$160.4 million, respectively. FIE's share of this postretirement benefit obligation was \$79.0 million and \$83.0 million at December 31, 2018 and 2017, respectively. The total funded status for Farmers' companies was (\$152.7) million and (\$160.4) million, respectively. FIE's share was (\$79.0) million and (\$83.0) million at December 31, 2018 and 2017, respectively.

### B. Description of Investment Policies

Not applicable.

### C. Fair Value of Plan Assets

Not applicable.

### D. Rate of Return Assumptions

Not applicable.

### E. Defined Contribution Plans

Not applicable.

### F. Multi-employer Plans

Not applicable.

### G. Consolidated/Holding Company Plans

#### Pension Plan

FIE and certain members of Farmers participate in noncontributory defined benefit pension plans (the qualified Employees' Pension Plan and the non-qualified Employee Benefits Restoration Plan ("EBRP")), all sponsored by Farmers Group, Inc. ("FGI"). As a result, Farmers has no legal obligation for benefits under these Plans.

The Employees' Pension Plan covers substantially all employees of FGI, Farmers Services, LLC ("FS") and the Farmers Exchanges. Prior to January 1, 2009, the plan provided defined benefits based on years of service and the employee's compensation during the last five years of employment. In April 2008, the plan was amended to include cash balance provisions for certain employees, whereas the benefits for the balance of the employees were unchanged. The employees covered under the cash balance provisions are those who, as of December 31, 2008, were non-vested in their pension benefits, those who were under age 40 with less than 10 years of service and those employees hired on or after January 1, 2009. Farmers Group, Inc. Employees' Pension Plan was amended on June 23, 2015 to provide a temporary distribution option for vested terminated participants who were already in pay status in the plan. Eligible participants were notified in July 2015 and were extended the option to receive his or her benefits in the form of a lump-sum payment, a single life annuity, a 50% qualified joint and survivor annuity or a 75% qualified joint and survivor annuity. Lump-sum payments were made as soon as reasonably practicable on or after October 1, 2015 to participants who elected the lump sum payment under the Farmers Pension Payment Offer. The Pension Plan was comprehensively amended and restated in November 2015. The restatement included additional plan distribution options for participants who experience a termination of employment on or after December 31, 2015. Such individuals may elect within 180 days of the participant's termination of employment or at any time after the participant's attaining his or her Early Retirement Date or Normal Retirement Date elect to have his benefit paid in a single lump sum. Additionally, participants who experience a termination of employment on or after December 31, 2015 will have the opportunity to elect to have the actuarial equivalent of such participant's vested benefit at his or her Normal Retirement or Early Retirement Date, if greater, paid to him or her in the form of substantially equal installment payments over a 10-year certain term. On the making of such lump sum or final payment for the 10-year certain installments, neither the participant nor the participant's spouse or beneficiary shall have any further benefit under the Pension Plan.

The Pension Plan was amended on May 20, 2016 to provide a temporary early distribution option for vested terminated participants. Eligible participants were notified in June 2016 and were extended the option to receive his or her benefits

## NOTES TO FINANCIAL STATEMENTS

in the form of a lump-sum payment, single life annuity, a 50% qualified joint and survivor annuity or a 75% qualified joint and survivor annuity. Lump-sum payments were made starting on August 9, 2016 to participants who elected the lump-sum payment under the Farmers Pension Payment Offer. The Pension Plan was amended on August 17, 2016, under which lump-sum payments may be made or the benefits liability may be increased. On October 20, 2016, FGI announced that all pension plan benefits will be frozen effective December 31, 2018. Participants will retain all accrued benefits, including any benefits accrued through December 31, 2018 and will earn only defined contribution retirement benefits starting January 1, 2019. The Pension Plan was amended on November 29, 2016, to remove FS as a participating employer of the Pension Plan effective January 1, 2017.

Farmers Group, Inc. Employees' Pension Plan and the EBRP were amended on October 6, 2016, to modify the provisions to provide for the cessation of benefit accruals in these Plans as of December 31, 2018. As part of this change, beginning January 1, 2019, Farmers will automatically contribute an additional 4% of eligible base pay to the employees' 401(k) Plan, regardless of the amount contributed by each employee to the 401(k). This new base contribution is in addition to the 6% Farmers match now available.

FGI's funding policy for the Employees' Pension Plan is to contribute an amount at least equal to the minimum required contribution under ERISA/PPA. FGI's policy is to allocate to the Farmers Exchanges their share of the plan cost. The Farmers Exchanges have regularly contributed to the pension plan for their share of the pension cost and Farmers expects future contributions to fully satisfy the Farmers Exchanges' portion of the pension liability.

For fiscal year 2018 and 2017 plan years, the minimum required pension contribution for FGI did not exceed the full funding limitation under the Internal Revenue Code. As a result, for the year ended December 31, 2018, Farmers, FGI and its subsidiaries made total contributions to the Plans of \$ 441.3 million, of which \$113.3 million came from Farmers. In 2017, Farmers and FGI and its subsidiaries made total contributions to the Plans of \$225.0 million, of which \$108.4 million came from Farmers. FIE's share of the contributions made in 2019 to the Employees' Pension Plan are currently expected to be \$37.3 million.

Assets of the Employees' Pension Plan are held by an independent trustee primarily in fixed maturity and equity investments. The principal liability is for annuity benefit payments of current and future retirees. Assets of the EBRP are considered FGI's corporate assets and are held in a grantor trust.

The Employee Benefits Restoration Plan provides supplemental retirement benefits for employees whose salary is in excess of the maximum recognizable pay under IRS code 401(a)(17) and excess maximum benefit limitation under IRS code 415. Farmers' share of the EBRP was \$205.6 thousand and \$211.2 thousand for the years ended December 2018 and 2017, respectively.

### Short Term Incentive Program

Effective January 1, 2009, FIE and certain Farmers' companies, participate in a Short Term Incentive Program ("STIP") and a 401(k) Savings Plan approved by the board of governors.

The STIP is a performance-based plan that provides employees an annual incentive pay based on the achievement of certain goals and individual employee performance. FIE's share of expense under this plan was \$57.6 million and \$55.7 million as of December 31, 2018 and 2017, respectively.

### 401(k) Savings Plan

Effective January 1, 2009, FIE and certain members of Farmers, participate in a 401(k) Savings Program. Contributions are made by eligible employees up to the yearly maximums allowable as defined by the Internal Revenue Service. FIE and the Farmers companies match eligible employees' contributions up to 6.0% of earned base pay. All eligible employees are 100% vested in the 401(k) Savings Plan immediately. FIE's share of expense under this plan was \$23.0 million and \$22.0 million as of December 31, 2018 and 2017, respectively.

## H. Postemployment Benefits and Compensated Absences

FIE accrued \$1.9 million and \$2.2 million in compensated absences on behalf of the Farmers companies as of December 31, 2018 and 2017, respectively.

## I. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable

## 13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- (1) FIE is a reciprocal exchange and, therefore, does not issue common or preferred stock.
- (2) FIE is a reciprocal exchange and, therefore, dividend rate of preferred stock is not applicable.
- (3) FIE is a reciprocal exchange and, therefore, dividend restrictions is not applicable.
- (4) FIE is a reciprocal exchange and, therefore, dates and amounts of dividends paid is not applicable.

## NOTES TO FINANCIAL STATEMENTS

- (5) FIE is a reciprocal exchange and, therefore, amount of ordinary dividends that may be paid is not applicable.
- (6) No restrictions have been placed on unassigned funds.
- (7) FIE does not have advances to surplus.
- (8) FIE does not hold stock for special purposes.
- (9) FIE does not have any special surplus funds balances.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and (losses) were \$1,931.2 million and \$1,794.0 million at December 31, 2018 and 2017, respectively.
- (11) Surplus Notes

FIE received cash contributions pursuant to which FIE issued surplus notes (the “notes”) to qualified institutional buyers, and certificates of contribution (the “certificates”) to ZAIC affiliates as follows:

	Date Issued	Interest Rate	Par Value (Face Amount of Note)	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Unapproved Interest And/Or Principal
1	5/11/1994	8.625%	203,444,000	203,444,000	17,547,045	591,579,225	-
2	7/10/1998	7.050%	373,077,923	279,776,923	19,724,273	501,260,213	-
3	7/10/1998	7.200%	111,923,077	103,316,077	7,438,758	160,551,714	-
4	11/5/2013	6.151%	312,000,000	312,000,000	19,191,120	95,742,365	-
5	10/7/2014	5.454%	399,000,000	399,000,000	21,761,459	87,045,839	-
6	10/10/2017	4.747%	400,000,000	396,000,000	19,779,167	19,779,167	-
7	12/20/2017	3.758%	100,000,000	100,000,000	3,758,000	3,758,000	-
	Total		<u>1,899,445,000</u>	<u>1,793,537,000</u>	<u>109,199,822</u>	<u>1,459,716,522</u>	<u>-</u>
Repaid in full the remaining \$200 million of 6.15% surplus notes issued to ZNAIC:							
	6/30/2011	6.150%			6,150,000		
					<u>115,349,822</u>		

There were no unapproved principal and/or interest paid at 12/31/2018

The surplus notes in the amount of \$203.4 million listed under 1 above were issued to qualified institutional buyers in the open market on May 11, 1994 and are administered by JP Morgan Chase Bank. The notes are unsecured and subordinated to all present and future senior indebtedness and policy claims. The notes have restrictions, which require the approval of the California Insurance Commissioner before payment of interest or repayment of principal. The notes mature May 1, 2024. The original issued amount of these notes was \$300 million, but, notes with a par value of \$96.6 million of these notes were redeemed in November 2013 by FIE for \$130.9 million, a premium of \$34.3 million. These surplus notes were redeemed with the approval of the California Insurance Commissioner and the liability for those notes has been extinguished.

The trust surplus notes in the amount of \$279.8 million listed under 2 above were issued to qualified institutional buyers in the open market on July 10, 1998 and are administered by JP Morgan Chase Bank. The notes are unsecured and subordinated to all present and future senior indebtedness and policy claims. The notes have restrictions, which require the approval of the California Insurance Commissioner before payment of interest or repayment of principal. The notes mature July 15, 2028. The original issued amount of these notes was \$373.1 million, but, notes with a par value of \$93.3 million were repurchased in November 2013 by FIE for \$116.8 million, a premium of \$23.5 million. Under the terms of the note indentures, these notes could not be redeemed and the liabilities for the obligations cannot be extinguished until maturity. Therefore, FIE owns the trust notes and has reclassified the underlying surplus notes as notes payable (a liability) in the accompanying financial statements. The Trust Notes held as assets by FIE have been netted against the Notes Payable in the financial statements. In addition, the expense for implied future interest paid on the Notes Payable has been netted against the implied Interest income received on the Trust Notes. This accounting treatment complies with the requirements for offsetting and netting found in SSAP No. 64, paragraph 2. Because the principal amounts of the 2028 Trust Notes owned by FIE are equal to the obligations owed to it under the terms of the underlying surplus notes (Notes Payable), the valuation requirements of paragraph 10.a. of SSAP No. 41 are not deemed applicable and the Trust Notes are carried at par value.

## NOTES TO FINANCIAL STATEMENTS

The trust surplus notes in the amount of \$103.3 million listed under 3 above were issued to qualified institutional buyers in the open market on July 10, 1998 and are administered by JP Morgan Chase Bank. The notes are unsecured and subordinated to all present and future senior indebtedness and policy claims. The notes have restrictions, which require the approval of the California Insurance Commissioner before payment of interest or repayment of principal. The notes mature July 15, 2048. The original issued amount of these notes was \$111.9 million, but as described above, notes with a par value of \$8.6 million were repurchased in November 2013 by FIE for \$10.0 million, a premium of \$1.4 million. Under the terms of the note indentures, these notes could not be redeemed and the liabilities for the obligations cannot be extinguished until maturity. Therefore, as described above, FIE owns the trust notes and has reclassified the underlying surplus notes as notes payable (a liability) in the accompanying financial statements. The Trust Notes held as assets by FIE have been netted against the Notes Payable in the financial statements. In addition, the expense for implied future interest paid on the Notes Payable has been netted against the implied Interest income received on the Trust Notes. Similar to the 2028 Trust Notes, this accounting treatment complies with the requirements for offsetting and netting found in SSAP No. 64, paragraph 2. Because the principal amounts of the 2048 Trust Notes owned by FIE are equal to the obligations owed to it under the terms of the underlying surplus notes (Notes Payable), the valuation requirements of paragraph 10.a. of SSAP No. 41 are also not deemed applicable and the Trust Notes are carried at par value.

The trust surplus notes in the amount of \$312 million listed under 4 above were issued to qualified institutional buyers in the open market on November 5, 2013 and are administered by The Bank of New York Mellon Trust Company, NA. The notes are unsecured and subordinated to all present and future senior indebtedness and policy claims. The notes have restrictions, which require the approval of the California Insurance Commissioner before payment of interest or repayment of principal.

The trust surplus notes in the amount of \$399 million listed under 5 above were issued to qualified institutional buyers in the open market on October 7, 2014 and are administered by The Bank of New York Mellon Trust Company, NA. The notes are unsecured and subordinated to all present and future senior indebtedness and policy claims. The notes have restrictions, which require the approval of the California Insurance Commissioner before payment of interest or repayment of principal.

The surplus notes in the amount of \$400 million listed under 6 above were issued to private qualified institutional investors at a fixed rate of 4.747% and are administered by The Bank of New York Mellon Trust Company, NA. The notes are unsecured and subordinated to all present and future senior indebtedness and policy claims. The notes mature November 1, 2057. The notes have restrictions, which require the approval of the California Insurance Commissioner before payment of interest or repayment of principal. Together with available operating cash, Farmers utilized the proceeds from these newly issued surplus notes to partially repay \$507 million of the \$707 million in funds borrowed from Zurich American Insurance Company at a 6.15% rate and fully payable in June of 2021. This repayment was made with the approval of the California Insurance Commissioner. The surplus notes were issued at a \$4 million discount which was reflected as an expense with an offset to a liability account in the accompanying financial statement.

The surplus notes in the amount of \$100 million of 10-year surplus note at 3.758% listed under 7, were issued to the Farmers New World Life Insurance, which is owned by FGI, the Attorney-in-Fact of the Exchanges. The notes are unsecured and subordinated to all present and future senior indebtedness and policy claims. The notes have restrictions, which require the approval of the California Insurance Commissioner before payment of interest or repayment of principal. These new surplus notes were approved by the California Insurance Commissioner.

On June 30, 2018, FIE repaid in full the remaining \$200 million of 6.15% surplus notes issued to ZNAIC on June 30, 2011. This repayment was made with the approval of the California Insurance Commissioner,

(12-13) FIE has not undergone any quasi-reorganizations.

### 14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

#### A. Contingent Commitments

As of December 31, 2018, FIE had remaining commitments of \$1.2 million related to Impact Community Capital, \$788.0 thousand related to Impact Huntington Member Loan, and \$66.9 thousand related to Impact Huntington Equity.

#### B. Assessments

- (1) FIE receives periodic assessments from certain states to reimburse policyholders and claimants of insolvent carriers. Depending on the guidelines established by each state, the assessments are expensed, recouped from policyholders or utilized as credits against premium taxes. Premium tax credits are realized between 3 to 10 years depending on the guidelines established by each state.
- (2) In 2018, FIE has accrued a liability for guaranty fund and related assets for premium tax credits or policy surcharges of (\$0.03) million as well as related premium tax benefit assets and policy surcharges assets of (\$0.03) million. The amounts recorded represent management's best estimates based on assessment rate information received from the states in which the Company writes business and the direct premiums written in those states. The liability is included in the taxes, licenses and fees liability and will be paid in the next year.

**NOTES TO FINANCIAL STATEMENTS**

(2) Rollforward of related assets:

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 384,343
b. Decreased current year:	
Premium tax offsets applied	96,888
Premium tax offsets charged off	
Policy surcharges collected	631,764
Policy surcharges charged off	
c. Increased current year:	
Premium tax offsets accrued	181,512
Policy surcharges accrued	133,224
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$ <u>(29,573)</u>

(3) Not Applicable

**C. Gain Contingencies**

None.

**D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Law Suits**

FIE paid the following amounts during the reporting period in settlement of lawsuits alleging extra-contractual causes of action:

	Direct
Claims related ECO and bad faith losses paid	\$11,913,250

Number of lawsuits alleging extra-contractual causes of action during the reporting period:

(a)	(b)	(c)	(d)	(e)
0-25 Claims	26-50 Claims	51-100 Claims	101-500 Claims	More than 500 Claims
			X	

Indicate whether claim count information is disclosed per claim or per claimant.

(f) Per Claim [X]                      (g) Per Claimant [ ]

**E. Product Warranties**

None.

**F. Joint and Several Liabilities**

None.

**G. All Other Contingencies**

**Litigation**

Certain of Farmers companies are defendants in certain lawsuits arising in the normal course of business, which are in various stages of development. Some of these matters seek punitive as well as compensatory damages. While it is not possible to predict the outcome of these matters with certainty, management believes that their ultimate disposition will not have a material effect on FIE's financial position or results of operations. In addition, certain of the Farmers companies are, from time to time, involved as parties in various governmental and administrative proceedings.

## NOTES TO FINANCIAL STATEMENTS

### California Earthquake Authority

Fire is a participant in the California Earthquake Authority (“CEA”) on behalf of the Farmers P&C Companies. The CEA was established by the California Legislature to provide earthquake insurance to the owners of residential property in the state of California. Insurers who elect to participate in the program are liable for a portion of aggregate losses up to \$1.7 billion, contingent on losses exceeding a specified limit. Effective March 14, 2018, the latest date for which information was available, the Farmers companies’ residential earthquake insurance market share was 13.77%, and its respective share of this contingent liability was \$228.0 million at December 31, 2018. In the case of a triggering event, and based on its intercompany reinsurance participation of 51.75%, FIE’s share of this contingent liability before external reinsurance would be \$118.0 million. As of December 31, 2018, a triggering event has not occurred, and, therefore, no provision has been made in the accompanying financial statements for any liability or loss that may result from a catastrophic earthquake event.

### Surplus Loan Note Facility

FIE maintains a \$500 million contingent surplus note facility with a range of bank and non-bank lenders. The facility, which was initially developed in 2007, provides FIE with the ability to issue 5-year surplus notes at any time during a three-year period in the event of a specified major catastrophe loss, at a pre-agreed price. This transaction aligns with the FIE focus on preserving their long-term capital strength, even after a major catastrophic event FIE has not borrowed against the current or prior lines of credit on this facility. Fees paid by FIE for the right to access this facility were \$4.3 million and \$4.3 million at December 31, 2018 and 2017, respectively.

### Revolving Credit Facility Framework Agreement

FIE and certain of the Farmers’ companies entered into a Revolving Credit Facility Framework Agreement for the purposes of eliminating the need to maintain large cash balances or unnecessarily liquidating investments during the monthly reinsurance cash settlement process among participating affiliates. The revolving credit framework allows participating affiliates to make short term loans to each other to cover debt arising from the monthly reinsurance settlement process. The loans, executed on an as-needed basis, mature in ninety (90) days and cannot exceed in the cumulative aggregate three percent (3%) of a borrower’s or lender’s admitted assets. Loans may be collateralized with a pledge of securities at lender’s option, and in any event, must be collateralized if the loan crosses from one calendar year into the next calendar year such that the loan is secured and perfected as of December 31 of the year the loan was made. Parties to the agreement will renegotiate the terms of the agreement at least once every three (3) years. The agreement has been non-disapproved by the California Department of Insurance as well as by the regulators of the domiciliary states of FIE affiliates outside of California. During the year, FIE borrowed funds from Mid-Century and Foremost Insurance Company Grand Rapids, Michigan (“FICGRM”) under this agreement and subsequently paid back, in cash, to Mid-Century and FICGRM, the full repayment of the principal balance during the same year, with interest, per terms of the agreement. At December 31, 2018 there was no outstanding loan balance on this revolving credit facility.

### Structured Settlements

FIE is contingently liable for losses settled via structured settlements of approximately \$11,542,548 (See Note 27 for additional disclosure).

## 15. LEASES

### A. Lessee Operating Leases

- (1) FIE leases certain computer equipment under various non-cancelable operating lease agreements. The leases are entered into for three-year periods and are generally renewed as they expire. Rental expense for 2018 and 2017 was \$4.3 million and \$3.8 million, respectively.

In addition, FIE leases office space in various locations across the country under various non-cancelable operating lease agreements which expire through the year 2029. Rental expense for 2018 and 2017 was \$47.2 million and \$48.1 million, respectively.

There were certain operating leased space and computer equipment lease agreements that were terminated early throughout the course of the year. As a result, FIE recognized an expense for cost to terminate leases before the end of their term as permitted in the cancellations options included in the lease. Through December 31, 2018, FIE incurred \$1,138,816 for the early termination of operating leased space and \$2,093 for the early termination of leased computer equipment.

## NOTES TO FINANCIAL STATEMENTS

(3) December 31, 2018, the minimum aggregate rental commitments for the above obligations are as follows:

Year Ending December 31:	Operating Leases
2019	\$ 54,944,791
2020	\$ 49,801,029
2021	\$ 43,111,036
2022	\$ 35,291,187
2023	\$ 32,441,590
Total	<u>\$ 215,589,634</u>

(3) FIE is not involved in any sales-leaseback transactions.

### B. Lessor Leases

Not applicable.

### 16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Not applicable.

### 17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

#### A. Transfers of Receivables Reported as Sales

Not applicable.

#### B. Transfer and Servicing of Financial Assets

Not applicable.

#### C. Wash Sales

FIE had no wash sale transactions in the periods presented that require disclosure.

### 18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

#### A. ASO Plans

Not applicable.

#### B. ASC Plans

Not applicable.

#### C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not applicable.

### 19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 20. FAIR VALUE MEASUREMENTS

#### A. Inputs Used For Assets Measured At Fair Value

##### 1. Fair Value Measurements by Levels 1, 2 and 3

FIE has categorized its assets that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. (in thousands)

Level 1 - are liquid investments traded in active markets and valued based on unadjusted quoted prices. Assets in this category are preferred and common stock securities.

Level 2 - The securities that fall into this category are bonds, preferred stocks, common stocks and call options which are not exchange traded. These securities are valued based upon models with observable inputs - for example market interest rates, credit spreads etc. They may have been determined by independent pricing services using observable inputs.

Level 3 - are investments valued based upon models with "significant" non-observable inputs (assumptions). Such assumptions can be about loss severities, prepayment speed, interest rate volatilities, earnings forecast, comparables sales etc.

(1)	(2)	(3)	(4)	(5)	(6)
Description for each class of asset or liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
<b>a. Assets at Fair Value</b>					
Perpetual Preferred stock					
Industrial and Misc	-	-	-	-	-
Parent, Subsidiaries and Affiliates	-	-	-	-	-
Total Perpetual Preferred Stocks	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds					
U.S. Governments	-	-	-	-	-
Industrial and Misc	-	73,567,717	-	-	73,567,717
Hybrid Securities	-	-	-	-	-
Parent, Subsidiaries and Affiliates	-	-	-	-	-
Total Bonds	\$ -	\$ 73,567,717	\$ -	\$ -	\$ 73,567,717
Common Stock					
Industrial and Misc	368,189,296	-	18,422	-	368,207,718
Parent, Subsidiaries and Affiliates	-	-	-	-	-
Total Common Stocks	\$ 368,189,296	\$ -	\$ 18,422	\$ -	\$ 368,207,718
Derivatives					
Warrants	-	-	-	-	-
Total Derivatives	\$ -	\$ -	\$ -	\$ -	\$ -
Joint Venture Interest Other	-	-	6,009,165	-	6,009,165
-	-	-	-	-	-
<b>Total Assets at Fair Value</b>	<b>\$ 368,189,296</b>	<b>\$ 73,567,717</b>	<b>\$ 6,027,587</b>	<b>\$ -</b>	<b>\$ 447,784,600</b>

##### 2. Rollforward of Level 3

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(12)
	Balance at 01/01/18	Transfers into Level 3	Transfers out of Level 3	Total Gains / (Losses) included in Net Income	Total Gains / (Losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/18
Residential mortgage backed securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Commercial mortgage backed securities	-	-	-	-	-	-	-	-	-	-
Asset backed securities	-	-	-	-	-	-	-	-	-	-
Other Bonds	-	-	-	-	-	-	-	-	-	-
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	1,669,350	-	-	-	(10,711)	-	-	(1,640,217)	-	18,422
Joint Venture Interest	16,092,655	-	(7,994,568)	-	(2,251,656)	162,734	-	-	-	6,009,165
Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 17,762,005</b>	<b>\$ -</b>	<b>\$ (7,994,568)</b>	<b>\$ -</b>	<b>\$ (2,262,367)</b>	<b>\$ 162,734</b>	<b>\$ -</b>	<b>\$ (1,640,217)</b>	<b>\$ -</b>	<b>\$ 6,027,587</b>

##### 3. Policy on Transfers In and Out of Level 3

At the end of each reporting period, FIE evaluates whether or not any event has occurred or circumstances have changed that would cause an investment to be transferred in or out of Level 3.

## NOTES TO FINANCIAL STATEMENTS

### 4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

Bonds carried at fair value categorized as Level 2 were valued using a market approach. These valuations were determined to be Level 2 valuations as quoted markets prices for similar instruments in an active market were utilized. This was accomplished by the use of matrix pricing. Matrix pricing takes quoted prices of bonds with similar features that are inputs into the analysis included duration, credit quality, tax status and call and sinking fund features.

Bonds and/or Common stocks carried at fair value categorized as Level 3 were valued using unobservable inputs. These unobservable inputs reflect our own assumptions about the criteria that market participants would use in pricing these assets (including assumptions about risk). These assumptions were based on the best information available in the circumstances.

Other Joint Ventures fair value is provided by the Fund Manager and/or their Fund Administrator and is generally based on quoted market prices. If quoted market prices are not available, fair value is determined based on other relevant factors including, but not limited to, dealer price quotation, price activity for equivalent instruments and valuation pricing models.

### 5. Derivative Fair Values

None.

### B. Other Fair Value Disclosures

None.

### C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures). The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A:

(1) Type of Financial Instrument	(2) Aggregate Fair Value	(3) Admitted Assets	(4) Level 1	(5) Level 2	(6) Level 3	(7) Net Asset Value (NAV)	(8) Not Practicable (Carrying Value)
<b>a. Assets At Fair Value</b>							
Bonds	\$ 3,981,160,369	\$ 3,983,640,481	\$ -	\$ 3,906,315,099	\$ 74,845,270	\$ -	\$ -
Preferred Stock	-	-	-	-	-	-	-
Common Stock	368,207,718	368,207,718	368,189,296	-	18,422	-	-
Real Estate	-	-	-	-	-	-	-
Cash, Cash Equivalents and Short-Term	399,853,763	399,853,763	386,642,083	13,211,680	-	-	-
Receivable for Securities	15,138,427	15,138,427	15,138,427	-	-	-	-
Derivative Instruments	-	-	-	-	-	-	-
Securities Lending	-	-	-	-	-	-	-
Mortgage Loans - Unaffiliated	-	-	-	-	-	-	-
Mortgage Loan Joint Venture Interest-Unaffiliated	-	-	-	-	-	-	-
Joint Venture Interest Other	18,839,213	19,172,645	-	-	18,839,213	-	-
Surplus Debentures, etc - Affiliated	212,769,470	200,000,000	-	-	212,769,470	-	-
Other Class Unaffiliated	-	-	-	-	-	-	-
Fixed or Variable Rate - Bonds - Unaffiliated	-	-	-	-	-	-	-
<b>Total Assets at Fair Value</b>	<b>\$ 4,995,968,959</b>	<b>\$ 4,986,013,033</b>	<b>\$ 769,969,805</b>	<b>\$ 3,919,526,779</b>	<b>\$ 306,472,375</b>	<b>\$ -</b>	<b>\$ -</b>
<b>b. Liabilities At Fair Value</b>							
Payable for securities	19,535,855	19,535,855	19,535,855	-	-	-	-
<b>Total Liabilities at Fair Value</b>	<b>\$ 19,535,855</b>	<b>\$ 19,535,855</b>	<b>\$ 19,535,855</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### D. Reasons Not Practical to Estimate Fair Values

None.

### E. Investments Measured at Net Asset Value ("NAV")

None.

## 21. OTHER ITEMS

### A. Unusual or Infrequent Items

None.

## NOTES TO FINANCIAL STATEMENTS

### B. Troubled Debt Restructuring: Debtors

Not applicable.

### C. Other Disclosures

#### All Lines Quota Share Reinsurance Agreement

Effective December 31, 2002, certain members of Farmers began participating in an All Lines Quota Share reinsurance agreement (“All Lines agreement”) with Farmers Reinsurance Company (“Farmers Re”) and Zurich Insurance Company (“Zurich”) which has been amended over the years.

Effective December 31, 2017, the All Lines agreement was amended and the participation ratio was increased from 24% to 29%. In addition to this change, Zurich was removed as a participant in the agreement while Farmers Re was added back as a participant to the treaty. Additionally, Munich Reinsurance America, Inc., (“Munich Re”) was added as a new participant to the treaty, prospectively, on the same terms as Swiss Reinsurance Company Ltd (“Swiss Zurich Re”), Transatlantic Reinsurance Company (“Trans Re”), Ariel Re Bermuda Limited (“Ariel Re”), Hannover Rück SE (“Hannover Re”) and Catlin Reinsurance Switzerland Limited (“Catlin Re”). Under the All Lines agreement, which amended the 24.0% All Lines agreement in effect since December 31, 2016, Farmers Re, Swiss Zurich Re, Trans Re, Ariel Re, Hannover Re, Catlin Re, and Munich Re now assume a 1.0%, 7.0%, 4%, 1%, 7%, 4%, and 5% respective quota share of the premiums written and the ultimate net losses sustained in all lines of business written by the Farmers. In addition, under the All Lines agreement, which can be terminated after 90 days notice by any of the parties, Farmers’ catastrophe losses are subject to a provisional maximum of \$1.3 billion annually, adjusted and limited to 6.5% of the subject net earned premiums, and measured 60 days after the calendar year depending on subject premium volume. Unearned premiums totaling \$629.4 million, were transferred from Zurich to Farmers as a result of its discontinued participation in the All Lines agreement effective December 31, 2017. In return, Farmers remitted \$168.1 million, of reinsurance commissions to Zurich, for acquisition expenses due to its decreased participation in the All Lines agreement. Effective simultaneously with the reduction of Zurich’s quota share participation, Farmers, in turn, transferred unearned premiums totaling \$78.7 million, \$393.4 million, \$157.4 million, and \$393.4 million to Farmers Re, Hannover Re, Catlin Re, and Munich Re, respectively, as a result of their increased participation in the agreement. In return, Farmers Re remitted \$21.0 million of reinsurance commissions to Farmers, while Catlin Re deposited \$42.0 million into a Multi-Beneficiary Trust, of reinsurance commissions to Farmers, for acquisition expenses as a result of the change in the All Lines quota share effective December 31, 2017. The remaining participating reinsurers in the treaty are all on a fund withheld basis and therefore no additional deposits were required as a result of their increased participation in the All Lines agreement.

Effective December 31, 2018, the All Lines agreement was amended with Trans Re decreasing its participation percentage from 4% to 3.5%, and Catlin Re increasing its participation percentages from 4% to 4.5%. In addition, the catastrophe losses subject to this reinsurance agreement are limited to a provision maximum of \$1.3 billion annually, adjusted and limited to a pro rata share of 6.75% of the subject net earned premiums, and measured 60 days after the calendar year depending on subject premium volume. The overall participation remains at 29.0% with all other participating reinsurers’ percentages remaining the same. In addition, the ceding commission for acquisition expenses, ceding commission for other expenses, and ceding commission for unallocated loss adjustment expenses remained unchanged at 26.7%, 5.3% and 8.1%, respectively.

Based on the results for 2018 and 2017, FIE's share of recoveries were \$1,940.6 million and \$1,619.3 million, respectively. For the years ended December 31, 2018 and 2017, FIE's share of ceded premiums earned were \$2,900.6 million and \$2,392.2 million, respectively. FIE's share of ceding commissions was \$930.6 million and \$821.7 million for the years ended December 31, 2018 and 2017, respectively.

#### Personal Umbrella Quota Share and Excess of Loss Reinsurance Agreement

On January 1, 2018, FIE and certain of the Farmers Property and Casualty Companies (“Farmers”) entered into a two-year personal umbrella quota share and excess of loss reinsurance agreement with certain third party reinsurers, with General Reinsurance, as the lead reinsurer. The other subscribing reinsurers are Hannover Rusk Se, Swiss America Reinsurance Corporation, and Everest Reinsurance (Bermuda) Limited, each with varying participating ratios. Under this agreement, Farmers cedes 100.0% of the personal umbrella exposure above \$500,000 for each and every loss, with all losses in excess of \$500,000 fully reinsured up to \$21.0 million. In addition, the agreement provides for the cession of 75.0% of all losses within the first \$500,000 and below. This agreement also provides for Farmers to receive a ceding commission of 41.55%. Unearned premiums totaling \$77.8 million were transferred from the Farmers Exchanges to the participating reinsurers as a result of this personal umbrella quota share reinsurance contract. In return, the subscribing reinsurers remitted \$32.3 million of reinsurance commissions to Farmers, for acquisition expenses due to this reinsurance agreement.

Based on results for 2018, FIE's share of ceded premiums earned, recoveries, and ceding commissions were \$85.3 million, \$65.1 million, and \$54.8 million, respectively

## NOTES TO FINANCIAL STATEMENTS

### Sale of Farmers Small Business Insurance Independent Agent Book

On February 19, 2018, the Farmers' companies sold the accessible premium renewal rights to its small business insurance independent agent book to the Hartford Fire Insurance Company. The book of business sold includes business owners, workers' compensation and commercial auto policies for small business owners across 50 states, and this one-time transaction provided Farmers an opportunity to invest in initiatives designed to help drive long-term growth through the exclusive Agents. The amount received on the sale of the accessible rights to premium attributable to in-force contracts produced by op-in producers under the program totaled \$46.1 million, less \$1.6 million of expenses for the Farmers' companies and was reported as a debit to cash with offset to other underwriting expenses incurred.

### Uber Business

On March 1, 2018, FIE entered into an "insurance program agreement" with Rasier, LLC ("Uber"), to provide commercial auto insurance protection for Uber and their independent contractor drivers while engaging in official company ridesharing activities in the states of Georgia and Pennsylvania. Insurance coverage provided by FIE includes commercial automobile liability, commercial automobile physical damage and related coverages for Uber, its affiliates and independent contractors utilizing digital networks operated by Uber. This Uber insurance program agreement provides for an initial estimated annual premiums of \$170.4 million based on mile driven estimates, which was ultimately adjusted to actual miles driven and \$149.8 million in actual or annual premium for the period ended December 31, 2018, in accordance with article 2.1 of the underlying insurance program agreement. This agreement also provides for Uber to deposit with FIE, two twelfths of the estimated annual premium, with the purpose of securing collateral in the event of default in premium payments pursuant to article 2.2 of the insurance program agreement and the amount received was accounted for as a liability payable to third party in the accompanying financial statements.

Concurrent with this Uber insurance program agreement, also effective March 1, 2018, FIE entered into a Quota Share agreement with Aleka Insurance, Inc. ("Aleka") to cede 30% of the underwritten policies issued to Uber. Ceding commission under this uber business ceded to Aleka ranged from 15% to 16.75% depending on direct premium written volume.

Based on results for 2018, FIE's share of ceded premiums earned, recoveries, and ceding commissions were \$45.8 million, \$15.8 million, and \$3.8 million, respectively.

### Commercial Independent Agency Quota Share Reinsurance Contract

On July 1, 2016, FIE and certain Farmers' companies entered into a quota share reinsurance agreement with Hannover Rück SE ("Hannover Re"), a third party reinsurer domiciled in Switzerland. This agreement provided for a cession of the quota share of the premiums written and the ultimate net losses sustained in all of the commercial independent agency block of business written by Farmers P&C Companies after the All lines quota share reinsurance agreement has been applied

The Hannover Re agreement was terminated effective January 1, 2018. Upon termination of the agreement, unearned premiums totaling \$70.1 million were transferred by Hannover Re to Farmers. In addition, Farmers remitted \$34.4 million of reinsurance commissions to Hannover Re, for acquisition expenses due to the cancellation of this commercial independent quota share reinsurance contract.

In 2017, FIE's share of ceded premiums earned, recoveries, and ceding commissions were \$76.0 million, \$35.9 million, and \$33.7 million, respectively

### Uninsured and Underinsured Election Forms

Farmers Insurance Company of Arizona is a defendant in a putative class action filed in New Mexico. Plaintiffs allege that UM/UIM rejection and election forms used in New Mexico do not comply with New Mexico law. Plaintiffs seek unspecified damages, or otherwise seek to require defendant to reopen and readjust the claims of the plaintiff class members. A class was certified for settlement purposes only that included all Farmers-related entities writing in New Mexico; the settlement has received preliminary and final approval and will be on a claims-made basis. The settlement amounts are being paid out to class members. Management has established a provision based on applicable accounting procedures.

### Short Rate Premium case

Farmers Insurance Exchange and Mid Century Insurance Company are defendants in this class action in California that alleges that Farmers improperly returned unearned premium on a short rate basis ( rather than a pro rata basis ) to insureds who cancelled their insurance coverage prior to expiration of their policies. The trial court granted plaintiff's motion for summary judgment, and entered a judgment against defendants. The parties filed cross appeals-- Defendants seeking to reverse the summary judgment, and requesting judgment in their favor; the plaintiffs seeking more damages than was awarded to them by the trial court. After briefing and oral argument the Court of Appeal issued an unpublished decision reversing the summary judgment granted to plaintiffs and remanding the case back to the trial court. (The

## NOTES TO FINANCIAL STATEMENTS

Appeal Court denied defendants request that summary judgment be entered in defendants favor). Management has established a provision based on applicable accounting procedures.

### **Anti-Steering Notice case**

Farmers Ins. Co. of Washington is a defendant in this Washington class action case. Plaintiffs allege that a notice sent by Farmers, although approved by the Washington Dept. of Insurance, does not comply with Washington statute. Class has been certified. On cross motions for summary judgment, the trial court ruled that the Farmers notice does not comply with the statute. The court asked for further briefing, and has not yet entered any order or judgment. Regardless of the trial court's ruling, an appeal is likely. Management has established a provision based on applicable accounting procedures.

### **Special Investigations Unit Employment case**

Farmers Insurance Exchange is a defendant in this California case seeking a nationwide class of Special Investigations Unit ("SIU") investigators. Plaintiffs allege that the SIU investigators are misclassified as exempt (rather than non-exempt) employees under Federal and State wage and hour laws. The class has not been certified. Plaintiffs' motion for class certification has been filed, and opposed, and oral argument held before the Court. The court has not yet ruled on the class certification motion. Management has established a provision based on applicable accounting procedures.

### **Uninsured and Underinsured Premium case**

Farmers Ins. Co. of Columbus is a defendant in this Ohio class action that alleges that Farmers committed fraud and misrepresentation by failing to affirmatively inform insureds when purchasing UM/ UIM coverage, that such coverage was personal in nature, and not required to be purchased on every vehicle. The trial court granted class certification, and defendant appealed. The appeal has been briefed and argued, but the court has not yet issued its decision. Management has established a provision based on applicable accounting procedures.

### **Actual Cash Value ("ACV") Payment cases**

Farmers Insurance Exchange are defendants in a class action cases in the states of Arizona, Arkansas, and Missouri, alleging that FIE improperly depreciated labor when calculating ACV payment to insureds on property claims. These cases are in various stages of development and an agreed settlement has been reached on some of these cases while others are in settlement discussions. Settlement needs preliminary and final court approval. Settlement payout not expected to exceed reserved amount. Management has established a provision based on applicable accounting procedures.

### **Repair Shop case**

Farmers Ins. Co. of Oregon is a defendant in this Oregon class action case concerning what type of notice need be given to insureds as regards their right to have their car repaired by the shop of their choice. Plaintiffs allege that a notice sent by Farmers, although approved by the Oregon department of insurance, does not comply with Oregon statute. Class has been certified. The court has issued a preliminary ruling that the subject notice did not comply with statute, but has not ruled as to the appropriate penalty, if any, that may be imposed under the statute. The court has not yet entered any final order or judgment. Regardless of the trial court's ruling, an appeal is likely. Management has established a provision based on applicable accounting procedures.

### **Diminished Earning Capacity case**

Farmers Insurance Exchange and Truck Insurance Exchange are defendants in a California case that arises out of an automobile accident in which the insured rear-ended the plaintiff's vehicle, pushing the plaintiff's vehicle into the vehicle in front of it. The Plaintiff alleged that the injury resulted in neuro-cognitive issues and claimed past loss of earnings related to business loss and future diminished earning capacity. Our experts disputed the presence of a traumatic brain injury and testified that plaintiff's affect was the result of anxiety and stress due to other life stressors, not a traumatic brain injury. The case is in litigation. Management had established a provision based on applicable accounting procedures.

### **Farmers Agency Force Deferred Compensation Plan**

FIE and certain of the Farmers' companies have established tax-deferred savings plan for their agents and district managers which allowed eligible participants to defer up to 50% of their auto commissions into a deferred compensation program. The program was expanded in recent years to include other agent related initiatives as well as to other books of business such as homeowners, small business insurance, Bristol West auto, Foremost specialty, among others, all at varying deferral rates. To be eligible to participate in the plan, a full-time agent must have completed six months of service and qualifying participants are vested 100% on their accrued benefit at all times. This Plan is not subject to ERISA and is not intended to be a qualified plan.

## NOTES TO FINANCIAL STATEMENTS

The program is administered by TBG Financial, a third party administrator, and the maximum qualifying deferred amount allowed in any plan year per each participating Sponsor is \$5.0 million. Fund balances are monitored monthly and investment earnings in the deferred compensation liability account are credited (or debited) to the account balances. At December 31, 2018, the investment earnings was \$3.2 million. At December 31, 2017, the investment loss was \$4.3 million

### **Business Owned Life Insurance**

In conjunction with the Farmers Agency Force Deferred Compensation Plan, FIE and certain of Farmers' companies purchased a Variable Group Life insurance policy for certain employees, with FIE named as beneficiary. The policy provides a life insurance benefit of \$50,000 at no cost to those qualifying officers and employees who voluntarily chose to become insured. There are no cash surrender values for the participating employees. The cash surrender value of the policy was reported as an asset on the balance sheet of FIE. At December 31, 2018, the investment loss and insurance expenses were \$2.8 million and \$0.5 million, respectively. At December 31, 2017, the investment earnings and insurance expenses were \$5.2 million and \$0.3 million, respectively.

There are no policyholders' funds allocated to the premiums of this group insurance policy.

### **Insurance-Company Owned Life Insurance**

FIE has purchased a Flexible Premium Group Variable Life Insurance policy for certain employees, with FIE named as beneficiary. The program is administered by Metropolitan Life Insurance Company, a third party administrator, and also provides a pre-retirement life insurance benefit of \$25,000 at no cost to those qualifying officers and employees, who voluntarily chose to become insured. There are no cash surrender values for the participating employees. The cash surrender value of the policy was reported as an asset on the balance sheet of FIE. At December 31, 2018, the investment loss and insurance expenses were \$12.8 million and \$1.7 million, respectively. At December 31, 2017, the investment earnings and insurance expenses were \$27.2 million and \$1.6 million, respectively.

There are no policyholders' funds allocated to the premiums of this group insurance policy.

### **Affiliates Repurchase of Surplus Notes**

Civic, Exact and Neighborhood Spirit Property and Casualty Companies, wholly owned subsidiaries of Truck and Fire, collectively acquired a small portion of FIE Surplus Notes 1 and 3 with a face value of \$21.3 million for \$14.6 million as an investment, of which \$15.6 million was subsequently repurchased by FIE. The remaining amortized cost carrying value of these notes of \$4.0 million is recognized on the respective affiliated financial statements.

### **Agents Subsidy Program**

FIE provides a variety of incentive programs to the agency force, especially new agents, including loans, to support the initial stages of their operations, some of which are subsequently recouped back based on future business production over a specified period of time. FIE accounts for the subsidy recoverable as a non-admitted prepaid expense with an offset to surplus.

### **Sale of 21st Century Security Insurance Company**

On August 1, 2018, Mid-Century Insurance Company, a subsidiary of Farmers Insurance Exchange, Fire Insurance Exchange and Truck Insurance Exchange, sold for cash, 100% of its ownership interest in 21st Century Security Insurance Company, to Plymouth Rock Assurance Corporation ("Plymouth Rock"), a Massachusetts, domiciled company. The sale was approved by both the Pennsylvania and New York Departments of Insurance. Prior to this transaction, on April 1, 2018, the Mid Century had sold the 21st Century National Insurance Company, a subsidiary of the 21st Century Security to Plymouth Rock, also with approval of the New York Department of Insurance.

**NOTES TO FINANCIAL STATEMENTS**

**Additional Schedule P Data**

The following summary, as reported in columns 13 through 24 in FIE’s 2018 Schedule P- Part I, presents net unpaid losses, defense and cost containment expense (“DCC”) and adjusting and other expense (“AO”) reserves for accident years 2008, 2007, 2006, 2005, 2004, 2003 and prior for each line of business reported (in thousands):

Schedule P Part 1 - Summary						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 43,683	\$247,034	\$ 60	\$116,514	\$ 35,387	\$ 442,678
2004	3,844	25,884	0	2,643	1,082	33,453
2005	7,598	8,309	38	2,034	1,429	19,407
2006	4,359	8,867	3	1,733	1,260	16,221
2007	8,488	10,562	15	2,386	1,771	23,221
2008	<u>7,536</u>	<u>18,231</u>	<u>41</u>	<u>3,601</u>	<u>2,382</u>	<u>31,792</u>
Total	<u>\$ 75,507</u>	<u>\$ 318,888</u>	<u>\$ 156</u>	<u>\$ 128,910</u>	<u>\$ 43,311</u>	<u>\$ 566,772</u>

Schedule P Part 1A - Homeowners/Farmowners						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 2,701	\$ 0	\$ (0)	\$ (142)	\$ 0	\$ 2,559
2004	30	0		5		35
2005	92	0	0	0	0	92
2006	391	12	0	0	3	406
2007	1,695	1	0	0	164	1,861
2008	<u>453</u>	<u>43</u>	<u>0</u>	<u>11</u>	<u>49</u>	<u>556</u>
Total	<u>\$ 5,362</u>	<u>\$ 57</u>	<u>\$ 0</u>	<u>\$ (126)</u>	<u>\$ 216</u>	<u>\$ 5,508</u>

Schedule P Part 1B - Private Passenger Auto Liability/Medical						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ (8,762)	\$ (175)	\$ 0	\$ 0	\$ 2	\$ (8,935)
2004	689	19,129		1,499	121	21,438
2005	300	727		64	134	1,225
2006	200	871		113	118	1,302
2007	761	1,132	0	100	140	2,132
2008	<u>811</u>	<u>1,310</u>	<u>0</u>	<u>123</u>	<u>159</u>	<u>2,402</u>
Total	<u>\$ (6,001)</u>	<u>\$ 22,994</u>	<u>\$ 0</u>	<u>\$ 1,898</u>	<u>\$ 672</u>	<u>\$ 19,564</u>

**NOTES TO FINANCIAL STATEMENTS**

Schedule P Part 1C - Commercial Auto/Truck Liability/Medical						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 162	\$ 115	\$ (3)	\$ 103	\$ 12	\$ 387
2004	13	7		2	3	25
2005	(0)	12		36	4	52
2006	0	13	3	47	5	68
2007		20		59	7	86
2008	<u>0</u>	<u>342</u>	<u>0</u>	<u>117</u>	<u>11</u>	<u>470</u>
Total	<u>\$ 175</u>	<u>\$ 508</u>	<u>\$ (0)</u>	<u>\$ 365</u>	<u>\$ 42</u>	<u>\$ 1,088</u>

Schedule P Part 1D - Workers' Compensation						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 28,460	\$ 47,726	\$ 62	\$ 5,206	\$ 6,748	\$ 88,202
2004	2,973	5,919		657	835	10,384
2005	7,157	6,073	37	612	1,028	14,908
2006	2,877	6,671		649	891	11,087
2007	6,003	7,707	15	859	1,177	15,760
2008	<u>6,012</u>	<u>12,832</u>	<u>25</u>	<u>1,275</u>	<u>1,609</u>	<u>21,752</u>
Total	<u>\$ 53,483</u>	<u>\$ 86,927</u>	<u>\$ 139</u>	<u>\$ 9,257</u>	<u>\$ 12,288</u>	<u>\$ 162,093</u>

Schedule P Part 1E - Commercial Multiple Peril						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 2,561	\$ 2,669	\$ 16	\$ 3,572	\$ 148	\$ 8,967
2004	7	146		433	116	702
2005	16	1,479		1,293	254	3,042
2006	861	1,282		893	237	3,273
2007	18	1,669		1,324	274	3,284
2008	<u>241</u>	<u>3,664</u>	<u>15</u>	<u>2,030</u>	<u>545</u>	<u>6,496</u>
Total	<u>\$ 3,704</u>	<u>\$ 10,908</u>	<u>\$ 32</u>	<u>\$ 9,546</u>	<u>\$ 1,574</u>	<u>\$ 25,763</u>

**NOTES TO FINANCIAL STATEMENTS**

Schedule P Part 1F - Section 1 - Medical Malpractice - Occurrence						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 0	\$ 277	\$ 0	\$ 33	\$ 119	\$ 430
2004		1		1	0	2
2005				1	1	2
2006						
2007						
2008						
Total	<u>\$ 0</u>	<u>\$ 278</u>	<u>\$ 0</u>	<u>\$ 34</u>	<u>\$ 121</u>	<u>\$ 434</u>

Schedule P Part 1F - Section 2 - Medical Malpractice - Claims Made						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 137	\$ 1,515	\$ 0	\$ 182	\$ 126	\$ 1,959
2004		9		5	5	19
2005				0	2	2
2006						
2007						
2008						
Total	<u>\$ 137</u>	<u>\$ 1,524</u>	<u>\$ 0</u>	<u>\$ 187</u>	<u>\$ 133</u>	<u>\$ 1,981</u>

Schedule P Part G - Special Liability						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 6,689	\$ 12	\$ 0	\$ 0	\$ 0	\$ 6,701
2004	0	1		0	0	2
2005	(0)	1		0	0	1
2006	0	1		0	0	1
2007		1		0	0	1
2008		1		0	0	1
Total	<u>\$ 6,689</u>	<u>\$ 17</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 6,708</u>

**NOTES TO FINANCIAL STATEMENTS**

Schedule P Part 1H - Section 1 - Other Liability						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 3,667	\$ 194,721	\$ (16)	\$ 107,529	\$ 28,227	\$ 334,128
2004	132	667	0	30	2	830
2005	68	19	0	18	3	108
2006	29	26		19	4	78
2007	15	43	0	30	6	95
2008	<u>9</u>	<u>49</u>	<u>—</u>	<u>24</u>	<u>6</u>	<u>89</u>
Total	<u>\$ 3,920</u>	<u>\$ 195,525</u>	<u>\$ (16)</u>	<u>\$ 107,650</u>	<u>\$ 28,249</u>	<u>\$ 335,328</u>

Schedule P Part II - Special Property						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 8,062	\$ 1	\$ 0	\$ 0	\$ 0	\$ 8,064
2004	(1)	3		2	0	5
2005	(36)	1		0	0	(36)
2006		1		0	0	2
2007	(5)	1	(0)	0	0	(3)
2008	<u>(3)</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 8,018</u>	<u>\$ 9</u>	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 8,032</u>

Schedule P - Part 1J - Auto Physical Damage						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 6	\$ 172	\$ 0	\$ 28	\$ 3	\$ 209
2004	0	0	0	7	1	8
2005	1	(5)		8	1	6
2006	(0)	(14)		8	1	(5)
2007		(20)		9	1	(9)
2008	<u>—</u>	<u>(18)</u>	<u>—</u>	<u>15</u>	<u>2</u>	<u>(2)</u>
Total	<u>\$ 8</u>	<u>\$ 115</u>	<u>\$ 0</u>	<u>\$ 76</u>	<u>\$ 9</u>	<u>\$ 207</u>

**NOTES TO FINANCIAL STATEMENTS**

Schedule P - Part 1K - Section 1 - Fidelity/Surety						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 0	\$ 2	\$ 0	\$ 2	\$ 0	\$ 5
2004		1		1	0	2
2005		1		1	0	3
2006		1		2	0	3
2007		2		2	0	4
2008		3		2	0	6
Total	<u>\$ 0</u>	<u>\$ 11</u>	<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 1</u>	<u>\$ 22</u>

Schedule P - Part 1L - Other (Including Credit, Accident and Health)						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2004						
2005						
2006						
2007						
2008						
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Schedule P - Part 1R - Section 1 - Products Liability - Occurrence						
Accident Year	Net Losses Unpaid		Net DCC Unpaid		AO Unpaid	Total Net Losses, DCC & AO Unpaid
	Case	Bulk & IBNR	Case	Bulk & IBNR		
2003 & prior	\$ (0)	\$ 0	\$ 0	\$ 1	\$ 0	\$ 1
2004		1		1	0	2
2005		2		1	0	3
2006		3		2	1	6
2007		6		3	1	10
2008	13	5		3	1	22
Total	<u>\$ 13</u>	<u>\$ 17</u>	<u>\$ 0</u>	<u>\$ 10</u>	<u>\$ 4</u>	<u>\$ 44</u>

## NOTES TO FINANCIAL STATEMENTS

### D. Business Interruption Insurance Recoveries

None.

### E. State Transferable and Non-Transferable Tax Credits

None.

### F. Subprime Mortgage Related Risk Exposure

(1) Generally, direct and indirect subprime exposures were identified based upon consideration of the following types of features: 1) Interest rate above prime to borrowers that did not qualify for prime rate loans. 2) Borrowers with low credit ratings (FICO scores). 3) Interest only or negative amortizing loans. 4) Unconventionally high initial loan-to-value ratios. 5) Unusually low initial payments based on a fixed introductory rate that expires after a short initial period and then adjusts to an unusually high rate based upon a variable index rate plus a margin. 6) Borrowers with less than conventional documentation of their income and/or net assets. 7) Very high or no limits on how much the payment amount or the interest rate may increase or reset periods. 8) Include substantial prepayment penalties and or prepayment penalties that extend beyond the initial interest rate adjustment.

(2) FIE does not have direct exposure through investments in subprime mortgage loans.

(3) FIE has the following direct exposure through other investments as of December 31, 2018:

	Actual Cost	Book Adjusted Carrying Value	Fair Value	Other-than- temporary impairment
a. Residential mortgage backed securities	\$ 29,280	\$ 29,289	\$ 29,848	\$
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investments in SCAs				
f. Other assets				
g. Total	\$ 29,280	\$ 29,289	\$ 29,848	\$

(4) FIE does not have underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

### G. Insurance-Linked Securities (ILS) Contracts

Not applicable.

## 22. EVENTS SUBSEQUENT

Subsequent events have been considered through February 18, 2019 for these statutory financial statements, which were issued on February 18, 2019.

The following extraordinary dividend transactions were issued by several of the 21st Century affiliates to their parent company, the Mid-century, which is owned 80%, 10%, and 10%, by FIE, Truck, and Fire, respectively. All of these extraordinary dividend payments were approved by the respective departments of insurance where these 21st Century's subsidiaries are domiciled:

On January 31, 2019, the 21st Century North America Insurance Company received an extraordinary dividend of \$8.6M from its affiliate, 21st Century Advantage Insurance Company.

On February 8, 2019, the 21st Century North America Insurance Company received an extraordinary dividend of \$22.25M from its affiliate, 21st Century Superior Insurance Company.

In January 2019, the Minnesota Department of Commerce approved an extraordinary dividend of \$8.6M from the 21st Century Advantage Insurance Company to its parent, 21st Century North America Insurance Company. The dividend was paid on January 31, 2019.

In February 2019, the California Department of Insurance approved an extraordinary dividend of \$22.25M from 21st Century Superior Insurance Company to its parent, 21st Century North America Insurance Company. The dividend was paid on February 8, 2019.

## NOTES TO FINANCIAL STATEMENTS

On February 12, 2019, the Farmers Insurance Hawaii, Inc. received an extraordinary dividend of \$6.7M from its affiliate, American Pacific Insurance Company.

In January 2019, the State of Hawaii Insurance Division approved an extraordinary dividend of \$70.8M from the Farmers Insurance Hawaii, Inc. to its parent, Mid-Century Insurance Company. The dividend was paid on February 12, 2019.

In January 2019, the State of Hawaii Insurance Division approved an extraordinary dividend of \$6.7M from the American Pacific Insurance Company, Inc. to its parent, Farmers Insurance Hawaii, Inc. The dividend was paid on February 12, 2019.

### 23. REINSURANCE

#### A. Unsecured Reinsurance Recoverables

FIE had unsecured aggregate recoverables for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with the following reinsurers, authorized or unauthorized, that exceeded 3% of FIE's policyholder surplus at December 31, 2018 (in thousands):

NAIC Group Code	Federal Identification Number	Reinsurer	2017	2016
0069	95-6235715	FIRE INSURANCE EXCHANGE	4,281,090	3,906,407
0069	95-2575892	TRUCK INSURANCE EXCHANGE	4,196,006	4,025,051
0069	95-6016640	MID-CENTURY INSURANCE COMPANY	2,371,211	2,377,430
	AA-1460146	SWISS REINS CO.	1,310,258	1,225,119
0069	95-2655893	FARMERS INSURANCE COMPANY OF OREGON	1,057,666	1,060,300
	AA-1340125	HANNOVER RUECK SE	997,223	783,177
	13-4924125	MUNICH REINS AMER INC	625,987	583,484
	13-5616275	TRANSATLANTIC REIN CO	594,942	450,542
	AA-1460018	CATLIN RE SWITZERLAND LTD	580,207	400,774
0212	AA-3190825	ZURICH INSURANCE COMPANY	399,098	770,432
0069	95-2655894	FARMERS INSURANCE COMPANY OF WASHINGTON	295,616	296,414
0069	95-4650862	FARMERS REINSURANCE COMPANY	173,208	-
0069	94-1663548	TEXAS FARMERS INSURANCE COMPANY	153,276	153,632
0069	95-4528269	CIVIC PROPERTY AND CASUALTY COMPANY	147,709	148,101
0069	95-4528266	EXACT PROPERTY AND CASUALTY COMPANY	147,709	148,101
0069	95-4528264	NEIGHBORHOOD SPIRIT P&C COMPANY	147,709	148,101
0069	31-0956373	FARMERS INSURANCE OF COLUMBUS, INC.	147,709	148,101

#### B. Reinsurance Recoverable in Dispute

There is no reinsurance recoverable in dispute from any one company that exceeds 5% of policyholders' surplus, or from all companies in the aggregate that exceeds 10% of policyholders' surplus.

## NOTES TO FINANCIAL STATEMENTS

### C. Reinsurance Assumed and Ceded

- (1) The maximum amount of return commission which would have been due reinsurers if they, or FIE, or a receiver, had canceled all insurance assumed as of the end of the periods covered by this annual statement with the return of the unearned premiums is as follows:

2018	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$8,365,091,612	\$ 2,720,411,443	\$ 4,962,172,331	\$ 1,603,774,097	\$ 3,402,919,281	\$ 1,116,637,346
All other	<u>227,357</u>	<u>73,939</u>	<u>2,317,609,563</u>	<u>749,051,411</u>	<u>(2,317,382,206)</u>	<u>(748,977,472)</u>
Total	<u>\$8,365,318,969</u>	<u>\$ 2,720,485,382</u>	<u>\$ 7,279,781,894</u>	<u>\$ 2,352,825,508</u>	<u>\$ 1,085,537,076</u>	<u>\$ 367,659,874</u>
Direct unearned premium reserve			<u>\$ 1,827,656,166</u>			
2017	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$8,252,511,962	\$ 2,710,537,554	\$ 4,851,023,446	\$ 1,583,907,665	\$ 3,401,488,516	\$ 1,126,629,889
All other	<u>2,625,107</u>	<u>862,216</u>	<u>2,274,122,696</u>	<u>742,523,801</u>	<u>(2,271,497,589)</u>	<u>(741,661,585)</u>
Total	<u>\$8,255,137,069</u>	<u>\$ 2,711,399,770</u>	<u>\$ 7,125,146,142</u>	<u>\$ 2,326,431,467</u>	<u>\$ 1,129,990,928</u>	<u>\$ 384,968,304</u>
Direct unearned premium reserve			<u>\$ 1,725,221,581</u>			

- (2) FIE had no additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements as a result of existing contractual arrangements.

- (3) FIE does not have protected cells.

### D. Uncollectible Reinsurance

None.

### E. Commutation of Ceded Reinsurance

None.

### F. Retroactive Reinsurance

None.

### G. Reinsurance Accounted for as a Deposit

None.

### H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

None.

### I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

None.

### J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

- A. Mid Century Insurance Company ("Mid Century"), one of the Farmers' companies, has one workers' compensation policy with Farmers Group Inc. ("FGI"), which is subject to retrospective rating features. Mid Century estimates the accrued retrospective premium adjustment through the review of the individual retrospectively rated risk and by comparing case basis loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium. The total accrued retrospective premiums receivable was recorded at \$1.2 million and \$1.1 million for the years ended December 31, 2018 and 2017, respectively. FIE's share of the accrued retrospective premiums receivable totaled \$0.6 million and \$0.6 million for the years ended December 31, 2018 and 2017, respectively. This policy was cancelled effective January 1, 2011 and is in run-off.
- B. FIE records accrued retrospective premium as an adjustment to written premium.
- C. The amount of net premiums written subject to retrospective rating features for the years ended December 31, 2018 and 2017 for Mid Century was (\$2.8) million and (\$2.1) million, respectively. As of December 31, 2018, FIE's share of the premiums written subject to retrospective rating features was (\$1.5) million, which was (0.6%) of the Farmers' companies' total net workers' compensation premiums written of \$255.9 million. As of December 31, 2017, FIE's share of the premiums written subject to retrospective rating features was (\$1.1) million, which was (0.4%) of the Farmers' companies' total net workers' compensation premiums written of \$285.8 million.
- D. FIE had no medical loss ratio rebates at both December 31, 2018 and 2017.
- E. FIE had no non-admitted retrospective premiums at both December 31, 2018 and 2017.
- F. Not applicable

### 25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

- A. Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years have increased by \$0.6 million as of December 31, 2018, as a result of re-estimation of unpaid losses and loss adjustment expenses principally on the other liability, commercial multiple peril and private passenger auto lines of insurance. This was partially offset by a decrease in workers compensation, homeowners and auto physical damage lines of insurance. This increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased and decreased as additional information becomes known regarding individual claims.
- B. Farmers made no significant changes in methodology or assumptions used in calculating liabilities for unpaid losses and loss adjustment expenses in 2018.

### 26. INTERCOMPANY POOLING ARRANGEMENTS

Certain members of Farmers participate in an intercompany reinsurance program (the "Intercompany Program"), with FIE as the lead company, pursuant to which each participant assumes a proportionate share of the Farmers Companies' results from FIE based on their respective participation percentages (see table below). FIE is also a participant in various other reinsurance contracts with affiliates, which occur prior to the Intercompany Program.

First, FIE under 100% quota share reinsurance agreements assumes the business written, net of non-affiliated reinsurance, by all of the Farmers companies, excluding Farmers Re. Next, FIE cedes 29.0% of all lines of business to Zurich and seven other reinsurers under the All Lines agreement. Finally, FIE retrocedes the remaining business of the Farmers companies to the insurers participating in the Intercompany Program according to their respective participation percentages.

The reinsurance participants and their respective participation percentages are as follows:

## NOTES TO FINANCIAL STATEMENTS

Participant	NAIC Company Code	State of Domicile	Participation Percentage	
			2018	2017
Farmers Insurance Exchange	21652	California	51.75%	51.75%
Fire Insurance Exchange	21660	California	7.50%	7.50%
Mid-Century Insurance Company	21687	California	16.00%	16.00%
Truck Insurance Exchange	21709	California	7.75%	7.75%
Farmers New Century Insurance Company	10806	Illinois	0.75%	0.75%
Texas Farmers Insurance Company	21695	Texas	1.00%	1.00%
Illinois Farmers Insurance Company	21679	Illinois	0.75%	0.75%
Farmers Insurance Company, Inc.	21628	Kansas	0.75%	0.75%
Farmers Insurance Company of Idaho	21601	Idaho	0.75%	0.75%
Farmers Insurance Company of Oregon	21636	Oregon	7.00%	7.00%
Farmers Insurance Company of Washington	21644	Washington	2.00%	2.00%
Farmers Insurance of Columbus, Inc.	36889	Ohio	1.00%	1.00%
Civic Property and Casualty Company	10315	California	1.00%	1.00%
Exact Property and Casualty Company	10318	California	1.00%	1.00%
Neighborhood Spirit Property and Casualty Company	10317	California	1.00%	1.00%

In addition, there are certain Farmers' companies that cede their business to FIE but do not participate in the Intercompany Program. These companies consist of: Farmers Insurance Company of Arizona, Mid-Century Insurance Company of Texas, and Farmers Texas County Mutual Insurance Company. Others are: Bristol West Casualty Insurance Company, Bristol West Insurance Company, Bristol West Preferred Insurance Company, Coast National Insurance Company, and Security National Insurance Company. The subsidiaries of FIC, Grand Rapids: Foremost Property and Casualty Insurance Company, Farmers Specialty Insurance Company, Foremost Signature Insurance Company; and FIC, Grand Rapids' affiliates: Foremost County Mutual Insurance Company and Foremost Lloyds of Texas cede their business to FIC, Grand Rapids prior to FIC, Grand Rapids' cession to FIE. Finally, the affiliates of 21st Century North America Insurance Company ("21CNAI") cede their business to 21CNAI prior to 21CNAI's cession to FIE and entities involved are: 21st Century Centennial Insurance Company, 21st Century Premier Insurance Company, Farmers Insurance Hawaii, Inc., 21st Century Superior Insurance Company, 21st Century Advantage Insurance Company, 21st Century Preferred Insurance Company, 21st Century Pinnacle Insurance Company, 21st Century Indemnity Insurance Company, 21st Century Auto Insurance Company of New Jersey, American Pacific Insurance Company, Inc., 21st Century Pacific Insurance Company, 21st Century Assurance Company, 21st Century Insurance Company, 21st Century Casualty Company, and 21st Century Insurance Company of the Southwest.

FIE reported \$382.0 million and \$211.4 million due to affiliates at December 31, 2018 and 2017, respectively, resulting from its participation in the intercompany reinsurance pooling agreement.

### 27. STRUCTURED SETTLEMENTS

#### A. Reserves Released Due to Purchase of Annuities

FIE has purchased annuities from life insurers under which the claimants are payees (see note 14G). These annuities have been used to reduce the unpaid losses of \$11,542,548 as of December 31, 2018. FIE has a contingent liability of \$11,542,548 should the issuers of these annuities fail to perform under the terms of the annuities.

Loss Reserves Eliminated by Annuities
\$11,542,548

Unrecorded Loss Contingencies
\$11,542,548

## NOTES TO FINANCIAL STATEMENTS

B. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus

Life Insurance Company and Location
None

Licensed in Company's State of Domicile	Statement Value (i.e. Present Value) of Annuities
None	\$0

**28. HEALTH CARE RECEIVABLES**

Not applicable.

**29. PARTICIPATING POLICIES**

Not applicable.

**30. PREMIUM DEFICIENCY RESERVES**

FIE utilizes anticipated investment income in the calculation of premium deficiency reserves, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums. FIE evaluates the need for a premium deficiency reserve on a line of business level for all books. FIE evaluated the need to record a premium deficiency reserve as of the end of the current year and determined that no additional reserve was required. This evaluation was completed on February 07, 2019. As of December 31, 2018 and 2017, FIE had not established any premium deficiency reserves based on this calculation.

	<b>2018</b>	<b>2017</b>	
1. Liability carried for premium deficiency reserves \$	\$ <u>0</u>	\$ <u>0</u>	
2. Date of the most recent evaluation of this liability	<u>02/07/2019</u>	<u>02/15/2018</u>	
3. Was anticipated investment income utilized in the calculation?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	

**31. HIGH DEDUCTIBLES**

Not applicable.

**32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES**

Liabilities for unpaid losses and loss adjustment expenses are not discounted.

**NOTES TO FINANCIAL STATEMENTS**

**33. ASBESTOS/ENVIRONMENTAL RESERVES**

- A. Does FIE have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses? Yes ( X ) No ( )

FIE has exposure to environmental, asbestos, and other toxic claims that losses arises from the sale of general liability insurance. FIE estimates the full impact of the asbestos exposures by establishing full case reserves on all known losses and computing incurred but not reported (“IBNR”) losses based on previous experience.

FIE’s asbestos-related losses (including coverage dispute costs) for each of the five most recent years were as follows:

**(1) Direct:**

	2014	2015	2016	2017	2018
a. Beginning reserves:	\$ 229,567,262	\$ 219,055,689	\$ 202,517,581	\$ 248,758,801	\$ 278,292,421
b. Incurred losses and loss adjustment expenses:	\$ 26,856,210	\$ 19,116,984	\$ 80,472,732	\$ 31,812,175	\$ 29,993,441
c. Calendar year payments for losses and loss adjustment expenses:	\$ 37,367,782	\$ 35,655,093	\$ 34,231,511	\$ 2,278,556	\$ 31,764,244
d. Ending reserves:	<u>\$ 219,055,689</u>	<u>\$ 202,517,581</u>	<u>\$ 248,758,801</u>	<u>\$ 278,292,421</u>	<u>\$ 276,521,617</u>
Amounts represent FIE's pooled share of the total Farmers P&C Companies' exposure as per the terms of the intercompany reinsurance program.					

**(2) Assumed Reinsurance:**

FIE has no asbestos-related exposure resulting from the assumption of unaffiliated reinsurance.

**(3) Net of Ceded Reinsurance:**

	2014	2015	2016	2017	2018
a. Beginning reserves:	\$ 226,562,137	\$ 216,043,403	\$ 199,560,700	\$ 243,630,995	\$ 274,895,510
b. Incurred losses and loss adjustment expenses:	\$ 22,359,380	\$ 16,582,708	\$ 77,414,255	\$ 31,370,793	\$ 21,126,611
c. Calendar year payments for losses and loss adjustment expenses:	\$ 32,878,114	\$ 33,065,411	\$ 33,343,959	\$ 106,278	\$ 22,040,684
d. Ending reserves:	<u>\$ 216,043,403</u>	<u>\$ 199,560,700</u>	<u>\$ 243,630,995</u>	<u>\$ 274,895,510</u>	<u>\$ 273,981,437</u>

- B. FIE recorded the following amounts for IBNR and/or bulk reserves related to asbestos claims at December 31, 2018:

	2018	2017
(1) Direct:	\$ 274,757,831	\$ 277,892,739
(2) Assumed Reinsurance:	None	None
(3) Net of Ceded Reinsurance:	\$ 272,217,651	\$ 274,550,364

## NOTES TO FINANCIAL STATEMENTS

- C. FIE recorded the following amounts for loss adjustment expenses for case, IBNR and/or bulk reserves related to asbestos claims at December 31, 2018:

	2018	2017
(1) Direct:	\$ 93,347,210	\$ 96,631,233
(2) Assumed Reinsurance:	None	None
(3) Net of Ceded Reinsurance:	\$ 92,397,446	\$ 94,835,480

- D. Does FIE have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes (X) No ( )

FIE's environmental-related losses (including coverage dispute costs) for each of the five most recent years were as follows:

**(1) Direct:**

	2014	2015	2016	2017	2018
a. Beginning reserves:	\$ 51,382,294	\$ 31,084,050	\$ 41,829,025	\$ 60,426,671	\$ 53,588,932
b. Incurred losses and loss adjustment expenses:	\$ (6,827,696)	\$ 29,710,574	\$ 29,172,620	\$ 3,650,558	\$ (5,343,327)
c. Calendar year payments for losses and loss adjustment expenses:	<u>\$ 13,470,547</u>	<u>\$ 18,965,599</u>	<u>\$ 10,574,974</u>	<u>\$ 10,488,298</u>	<u>\$ 2,758,022</u>
d. Ending reserves:	<u>\$ 31,084,050</u>	<u>\$ 41,829,025</u>	<u>\$ 60,426,671</u>	<u>\$ 53,588,932</u>	<u>\$ 45,487,583</u>
Amounts represent FIE's pooled share of the total Farmers P&C Companies' exposure as per the terms of the intercompany reinsurance program.					

**(2) Assumed Reinsurance:**

FIE has no environmental-related exposure resulting from the assumption of unaffiliated reinsurance.

**(3) Net of Ceded Reinsurance:**

	2014	2015	2016	2017	2018
a. Beginning reserves:	\$ 50,582,625	\$ 29,922,705	\$ 41,005,232	\$ 60,128,713	\$ 53,302,695
b. Incurred losses and loss adjustment expenses:	\$ (9,903,406)	\$ 29,476,037	\$ 21,817,995	\$ 2,726,132	\$ (5,669,254)
c. Calendar year payments for losses and loss adjustment expenses:	<u>\$ 10,756,514</u>	<u>\$ 18,393,510</u>	<u>\$ 2,694,515</u>	<u>\$ 9,552,150</u>	<u>\$ 2,283,833</u>
d. Ending reserves:	<u>\$ 29,922,705</u>	<u>\$ 41,005,232</u>	<u>\$ 60,128,713</u>	<u>\$ 53,302,695</u>	<u>\$ 45,349,608</u>

- E. FIE recorded the following amounts for IBNR and/or bulk reserves related to environmental claims at December 31, 2018:

**NOTES TO FINANCIAL STATEMENTS**

	<b>2018</b>	<b>2017</b>
(1) Direct:	\$ 41,349,204	\$ 48,114,726
(2) Assumed Reinsurance:	None	None
(3) Net of Ceded Reinsurance:	\$ 41,349,204	\$ 48,114,726

- F. FIE recorded the following amounts for loss adjustment expenses for case, IBNR and/or bulk reserves related to environmental claims at December 31, 2018:

	<b>2018</b>	<b>2017</b>
(1) Direct:	\$ 20,628,097	\$ 23,363,378
(2) Assumed Reinsurance:	None	None
(3) Net of Ceded Reinsurance:	\$ 20,628,097	\$ 23,274,797

**34. SUBSCRIBER SAVINGS ACCOUNTS**

None.

**35. MULTIPLE PERIL CROP INSURANCE**

Not applicable.

**36. FINANCIAL GUARANTY INSURANCE**

Not applicable.

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES  
GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [ X ] No [ ]  
If yes, complete Schedule Y, Parts 1, 1A and 2
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [ X ] No [ ] N/A [ ]
- 1.3 State Regulating? ..... CALIFORNIA
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? ..... Yes [ ] No [ X ]
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. ....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [ X ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2017
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2013
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 06/26/2015
- 3.4 By what department or departments?  
CALIFORNIA .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] N/A [ X ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ ] No [ ] N/A [ X ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.11 sales of new business? ..... Yes [ ] No [ X ]  
4.12 renewals? ..... Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:  
4.21 sales of new business? ..... Yes [ ] No [ X ]  
4.22 renewals? ..... Yes [ ] No [ X ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]  
If yes, complete and file the merger history data file with the NAIC.
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [ ] No [ X ]
- 6.2 If yes, give full information: .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [ ] No [ X ]
- 7.2 If yes,  
7.21 State the percentage of foreign control; ..... %  
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE  
GENERAL INTERROGATORIES**

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
.....
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ X ] No [ ]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
BFP Securities, LLC .....	St. Louis, Missouri .....				YES
Farmers Financial Solutions, LLC .....	Agoura Hills, California .....				YES

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Price Waterhouse Cooper LLP, 350 S. Grand Ave., Los Angeles, CA 90071
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:  
.....
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? ..... Yes [ ] No [ X ]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:  
.....
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? ..... Yes [ X ] No [ ] N/A [ ]
- 10.6 If the response to 10.5 is no or n/a, please explain  
.....
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
James Nutting, FCAS, MAAA, 6301 Owensmouth Ave., Woodland Hills, Ca. 91367, Actuary of Farmers Insurance Group .....
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 12.11 Name of real estate holding company ..... N/A
- 12.12 Number of parcels involved .....
- 12.13 Total book/adjusted carrying value ..... \$ .....
- 12.2 If, yes provide explanation:  
.....
- 13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
Not Applicable .....
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ X ]
- 13.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ X ]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] N/A [ X ]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is No, please explain:  
.....
- 14.2 Has the code of ethics for senior managers been amended? ..... Yes [ ] No [ X ]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
.....
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes [ ] No [ X ]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  
.....

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE  
GENERAL INTERROGATORIES**

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? ..... Yes [ ] No [ X ]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

**BOARD OF DIRECTORS**

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? ..... Yes [ X ] No [ ]

**FINANCIAL**

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- |   |          |
|---|----------|
| 20.11 To directors or other officers.....               | \$ ..... |
| 20.12 To stockholders not officers.....                 | \$ ..... |
| 20.13 Trustees, supreme or grand (Fraternal Only) ..... | \$ ..... |
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- |   |          |
|---|----------|
| 20.21 To directors or other officers.....               | \$ ..... |
| 20.22 To stockholders not officers.....                 | \$ ..... |
| 20.23 Trustees, supreme or grand (Fraternal Only) ..... | \$ ..... |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? ..... Yes [ ] No [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- |                                 |          |
|---------------------------------|----------|
| 21.21 Rented from others.....   | \$ ..... |
| 21.22 Borrowed from others..... | \$ ..... |
| 21.23 Leased from others .....  | \$ ..... |
| 21.24 Other .....               | \$ ..... |
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]
- 22.2 If answer is yes:
- |   |
|---|
| 22.21 Amount paid as losses or risk adjustment \$ ..... |
| 22.22 Amount paid as expenses .....                     |
| 22.23 Other amounts paid .....                          |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ X ] No [ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ 381,993,993

**INVESTMENT**

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)..... Yes [ X ] No [ ]
- 24.02 If no, give full and complete information relating thereto  
.....
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
.....
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? ..... Yes [ ] No [ ] N/A [ X ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. .... \$ .....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. .... \$ .....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? ..... Yes [ ] No [ ] N/A [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? ..... Yes [ ] No [ ] N/A [ X ]
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? ..... Yes [ ] No [ ] N/A [ X ]

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE  
GENERAL INTERROGATORIES**

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 ..... \$ .....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 ..... \$ .....
- 24.103 Total payable for securities lending reported on the liability page ..... \$ .....

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) ..... Yes [ X ] No [ ]

- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements ..... \$ .....
  - 25.22 Subject to reverse repurchase agreements ..... \$ .....
  - 25.23 Subject to dollar repurchase agreements ..... \$ .....
  - 25.24 Subject to reverse dollar repurchase agreements ..... \$ .....
  - 25.25 Placed under option agreements ..... \$ .....
  - 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock ..... \$ .....
  - 25.27 FHLB Capital Stock ..... \$ .....
  - 25.28 On deposit with states ..... \$ 687,061,544
  - 25.29 On deposit with other regulatory bodies ..... \$ .....
  - 25.30 Pledged as collateral - excluding collateral pledged to an FHLB ..... \$ .....
  - 25.31 Pledged as collateral to FHLB - including assets backing funding agreements ..... \$ .....
  - 25.32 Other ..... \$ .....

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] N/A [ X ]  
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]

27.2 If yes, state the amount thereof at December 31 of the current year. .... \$ .....

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ X ] No [ ]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Bank & Trust Company, N.A. ....	560 Mission ST, San Francisco, CA 94105 .....

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? ..... Yes [ ] No [ X ]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

**ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE  
GENERAL INTERROGATORIES**

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
DWS Investment Management Americas, Inc. ....	U.....
Prudential Private Placement Investors .....	U.....
Wells Capital Management .....	U.....
Clarion Partners .....	U.....
Medley SMA Advisors LLC .....	U.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? ..... Yes [ X ] No [ ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? ..... Yes [ ] No [ X ]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
104518 .....	DWS Investment Management Americas, Inc. ....	CZ83K4EEEX8QVCT3B128 .....	U.S. Securities and Exchange Commission .....	NO.....
106442 .....	Prudential Private Placement Investors LP. ...	.....	U.S. Securities and Exchange Commission .....	NO.....
104973 .....	Wells Capital Management .....	549300B3H21002L85190 .....	U.S. Securities and Exchange Commission .....	NO.....
108803 .....	Clarion Partners .....	.....	U.S. Securities and Exchange Commission .....	NO.....
167354 .....	Medley SMA Advisors LLC .....	.....	U.S. Securities and Exchange Commission .....	NO.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? ..... Yes [ ] No [ X ]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....	.....	.....	.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	3,983,640,481	3,981,160,369	(2,480,112)
30.2 Preferred stocks .....			
30.3 Totals	3,983,640,481	3,981,160,369	(2,480,112)

30.4 Describe the sources or methods utilized in determining the fair values:

For the majority of securities, in determining fair market value, quotes were obtained from third party sources. If quotes from these sources were not available, a broker estimate was utilized. Any few instances where a broker estimate was not available, the market value was analytically determined. ....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? ..... Yes [ ] No [ X ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? ..... Yes [ ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:  
.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? ..... Yes [ X ] No [ ]

32.2 If no, list exceptions:  
.....

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE  
**GENERAL INTERROGATORIES**

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:  
 a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.  
 b. Issuer or obligor is current on all contracted interest and principal payments.  
 c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.  
 Has the reporting entity self-designated 5GI securities? ..... Yes [ ] No [ X ]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:  
 a. The security was purchased prior to January 1, 2018.  
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.  
 c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.  
 d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.  
 Has the reporting entity self-designated PLGI securities? ..... Yes [ ] No [ X ]

**OTHER**

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? .....\$ .....6,554,470

35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE, INC. ....	2,314,978

36.1 Amount of payments for legal expenses, if any? .....\$ .....1,393,773

36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Fulbright & Jaworski Llp .....	1,086,476

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? .....\$ .....

37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	

**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]

1.2 If yes, indicate premium earned on U. S. business only. .... \$ \_\_\_\_\_

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ \_\_\_\_\_  
 1.31 Reason for excluding  
 .....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ \_\_\_\_\_

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. .... \$ \_\_\_\_\_

1.6 Individual policies:

Most current three years:

1.61 Total premium earned ..... \$ \_\_\_\_\_

1.62 Total incurred claims ..... \$ \_\_\_\_\_

1.63 Number of covered lives .....

All years prior to most current three years

1.64 Total premium earned ..... \$ \_\_\_\_\_

1.65 Total incurred claims ..... \$ \_\_\_\_\_

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned ..... \$ \_\_\_\_\_

1.72 Total incurred claims ..... \$ \_\_\_\_\_

1.73 Number of covered lives .....

All years prior to most current three years

1.74 Total premium earned ..... \$ \_\_\_\_\_

1.75 Total incurred claims ..... \$ \_\_\_\_\_

1.76 Number of covered lives .....

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator .....		
2.2 Premium Denominator .....		
2.3 Premium Ratio (2.1/2.2) .....		
2.4 Reserve Numerator .....		
2.5 Reserve Denominator .....		
2.6 Reserve Ratio (2.4/2.5) .....		

3.1 Does the reporting entity issue both participating and non-participating policies? ..... Yes [ ] No [ X ]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies ..... \$ \_\_\_\_\_

3.22 Non-participating policies ..... \$ \_\_\_\_\_

4. For mutual reporting Entities and Reciprocal Exchanges Only:

4.1 Does the reporting entity issue assessable policies? ..... Yes [ ] No [ X ]

4.2 Does the reporting entity issue non-assessable policies? ..... Yes [ X ] No [ ]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... % \_\_\_\_\_

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. .... \$ \_\_\_\_\_

5. For Reciprocal Exchanges Only:

5.1 Does the Exchange appoint local agents? ..... Yes [ X ] No [ ]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation..... Yes [ ] No [ X ] N/A [ ]

5.22 As a direct expense of the exchange..... Yes [ X ] No [ ] N/A [ ]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  
 Losses, loss adjustment expenses, agents' commissions, taxes, licenses and fees. ....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? ..... Yes [ ] No [ X ]

5.5 If yes, give full information  
 .....

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
 We purchase reinsurance to protect our worker's compensation exposure. ....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations or concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.  
 The company licenses catastrophe modeling software from outside vendors specializing in these products. Based on these models, California Earthquake and Texas Hurricane have been identified as having the most significant potential for large losses. ....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
 Through various catastrophe mitigation actions including but not limited to joining the California Earthquake Authority (CEA) and the company buys catastrophe reinsurance protection. ....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? ..... Yes [ X ] No [ ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.  
 .....
- 7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provisions)? ..... Yes [ X ] No [ ]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions: ..... 1
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? ..... Yes [ ] No [ X ]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? ..... Yes [ ] No [ X ]
- 8.2 If yes, give full information  
 .....
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
 (c) Aggregate stop loss reinsurance coverage;  
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. .... Yes [ ] No [ X ]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. .... Yes [ ] No [ X ]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? ..... Yes [ ] No [ X ]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
 (a) The entity does not utilize reinsurance; or, ..... Yes [ ] No [ X ]  
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or ..... Yes [ ] No [ X ]  
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. .... Yes [ ] No [ X ]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? ..... Yes [ X ] No [ ] N/A [ ]

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? ..... Yes [ ] No [ X ]
- 11.2 If yes, give full information  
.....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses .....\$ .....561,396
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) .....\$ .....15,439
- 12.2 Of the amount on Line 15.3, Page 2, state the amount which is secured by letters of credit, collateral, and other funds .....\$ \_\_\_\_\_
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? ..... Yes [ ] No [ X ] N/A [ ]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... %
- 12.42 To ..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? ..... Yes [ ] No [ X ]
- 12.6 If yes, state the amount thereof at December 31 of the current year:
- 12.61 Letters of credit .....\$ .....
- 12.62 Collateral and other funds.....\$ .....
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): .....\$ ..... 3,881,250
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? ..... Yes [ ] No [ X ]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ....3
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? ..... Yes [ ] No [ X ]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
.....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? ..... Yes [ ] No [ ]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? ..... Yes [ ] No [ ]
- 14.5 If the answer to 14.4 is no, please explain:  
.....
- 15.1 Has the reporting entity guaranteed any financed premium accounts? ..... Yes [ ] No [ X ]
- 15.2 If yes, give full information  
.....
- 16.1 Does the reporting entity write any warranty business? ..... Yes [ ] No [ X ]  
If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home .....					
16.12 Products .....					
16.13 Automobile .....					
16.14 Other* .....					

\* Disclose type of coverage:  
.....

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that is exempt from the statutory provision for unauthorized reinsurance? ..... Yes [ ] No [ X ]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 exempt from the statutory provision for unauthorized reinsurance .....\$ .....  
 17.12 Unfunded portion of Interrogatory 17.11 .....\$ .....  
 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11...\$ .....  
 17.14 Case reserves portion of Interrogatory 17.11 .....\$ .....  
 17.15 Incurred but not reported portion of Interrogatory 17.11 .....\$ .....  
 17.16 Unearned premium portion of Interrogatory 17.11 .....\$ .....  
 17.17 Contingent commission portion of Interrogatory 17.11 .....\$ .....

18.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [ X ]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. ....\$ .....

18.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [ X ]

18.4 If yes, please provide the balance of funds administered as of the reporting date. ....\$ .....

19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? ..... Yes [ X ] No [ ]

19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? ..... Yes [ ] No [ ]

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**FIVE-YEAR HISTORICAL DATA**

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Gross Premiums Written (Page 8, Part 1B Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	8,171,623,129	7,915,757,788	7,781,270,631	7,473,804,285	7,317,757,385
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	5,342,813,588	5,177,348,605	5,227,644,322	5,088,523,660	4,818,432,210
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	10,739,857,845	10,723,468,146	10,568,792,910	10,251,584,867	9,878,962,629
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	888,908	934,545	929,591	919,701	941,689
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	24,255,183,470	23,817,509,084	23,578,637,454	22,814,832,513	22,016,093,913
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,659,176,172	2,823,316,101	2,881,129,278	3,007,432,695	2,891,668,797
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,858,391,427	1,914,945,419	2,009,680,316	1,806,000,027	1,552,460,167
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,643,036,146	2,601,974,517	2,748,065,390	2,912,801,690	2,832,751,752
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	322,070	366,693	375,526	400,031	357,693
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					169
12. Total (Line 35)	7,160,925,814	7,340,602,729	7,639,250,510	7,726,634,444	7,277,238,577
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	(109,252,076)	(221,277,133)	(393,112,964)	(216,237,919)	(126,589,478)
14. Net investment gain or (loss) (Line 11)	45,729,708	53,308,207	45,877,088	75,940,826	83,518,330
15. Total other income (Line 15)	(55,020,372)	(5,096,268)	17,272,115	(48,308,372)	(11,386,279)
16. Dividends to policyholders (Line 17)	371,232	347,996	414,739	243,194	297,669
17. Federal and foreign income taxes incurred (Line 19)	(48,438,070)	(107,999,063)	(182,431,959)	(75,178,311)	(57,227,411)
18. Net income (Line 20)	(70,475,902)	(65,414,126)	(147,946,541)	(113,670,348)	2,472,316
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	17,016,311,531	16,164,767,721	16,057,239,778	15,566,564,412	15,591,306,853
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	223,126,225	218,711,951	226,847,053	192,183,717	242,303,115
20.2 Deferred and not yet due (Line 15.2)	3,082,447,475	3,002,377,162	2,932,582,656	2,958,369,017	2,658,697,015
20.3 Accrued retrospective premiums (Line 15.3)	632,973	569,240	639,538	848,388	1,248,607
21. Total liabilities excluding protected cell business (Page 3, Line 26)	12,919,967,248	11,961,662,716	11,838,399,959	11,359,805,026	11,409,850,909
22. Losses (Page 3, Line 1)	3,614,271,736	3,647,098,366	3,845,525,306	3,691,225,972	3,361,193,666
23. Loss adjustment expenses (Page 3, Line 3)	1,059,029,772	1,069,435,044	1,091,070,385	1,050,380,927	1,043,763,082
24. Unearned premiums (Page 3, Line 9)	2,913,193,242	2,855,212,508	3,029,189,727	3,221,002,365	3,351,774,702
25. Capital paid up (Page 3, Lines 30 & 31)					
26. Surplus as regards policyholders (Page 3, Line 37)	4,096,344,283	4,203,105,006	4,218,839,820	4,206,759,386	4,181,455,944
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	21,685,795	(510,442,646)	(336,107,073)	(546,898,115)	966,811,023
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	4,096,344,283	4,203,105,006	4,218,839,820	4,206,759,386	4,181,455,944
29. Authorized control level risk-based capital	889,688,981	999,280,106	1,037,667,407	1,046,614,762	991,609,171
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0</b>					
30. Bonds (Line 1)	38.1	39.5	45.0	49.3	52.3
31. Stocks (Lines 2.1 & 2.2)	52.5	51.9	49.6	48.9	45.3
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	3.4	3.6	3.3	2.6	0.6
34. Cash, cash equivalents and short-term investments (Line 5)	3.8	2.8	0.0	(2.9)	(0.6)
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	2.1	2.2	2.2	2.2	2.1
38. Receivables for securities (Line 9)	0.1				0.4
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)	5,125,595,068	4,956,396,052	4,859,620,572	4,735,094,628	4,602,401,001
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47	5,125,595,068	4,956,396,052	4,859,620,572	4,735,094,628	4,602,401,001
49. Total Investment in Parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	125.1	117.9	115.2	112.6	110.1

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2018	2 2017	3 2016	4 2015	5 2014
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24) .....	125,369,793	142,666,812	143,748,324	122,889,399	169,505,714
52. Dividends to stockholders (Line 35) .....					
53. Change in surplus as regards policyholders for the year (Line 38) .....	(106,760,723)	(15,734,814)	12,080,434	25,303,442	301,734,840
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	4,729,666,616	4,674,774,395	4,561,473,846	4,577,014,439	4,313,219,808
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	2,916,042,857	3,198,133,299	3,204,754,025	2,840,154,264	2,683,335,790
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	6,498,818,731	6,238,530,393	5,401,130,647	4,995,483,957	5,018,761,952
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	765,954	83,269	305,072	203,164	687,913
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
59. Total (Line 35) .....	14,145,294,157	14,111,521,355	13,167,663,590	12,412,855,823	12,016,005,463
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	1,717,762,087	1,800,767,993	1,840,203,147	1,815,716,920	1,692,525,652
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	997,042,346	1,204,497,874	1,271,876,521	1,025,894,224	833,322,393
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	1,451,509,818	1,686,521,881	1,578,531,592	1,451,871,869	1,398,928,164
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	298,538	32,110	127,773	71,050	282,157
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....					
65. Total (Line 35) .....	4,166,612,788	4,691,819,859	4,690,739,033	4,293,554,063	3,925,058,367
<b>Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....	58.2	59.8	61.9	58.8	55.8
68. Loss expenses incurred (Line 3) .....	10.0	10.2	10.7	10.1	10.1
69. Other underwriting expenses incurred (Line 4) .....	33.4	33.0	32.5	33.8	36.0
70. Net underwriting gain (loss) (Line 8) .....	(1.5)	(2.9)	(5.0)	(2.8)	(1.8)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) .....	33.8	33.8	33.1	35.0	34.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	68.2	70.0	72.5	69.0	65.8
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) .....	174.8	174.6	181.1	183.7	174.0
<b>One Year Loss Development (\$000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11) .....	50,880	21,166	172,418	117,544	41,418
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0) .....	1.2	0.5	4.1	2.8	1.1
<b>Two Year Loss Development (\$000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....	77,712	226,239	278,242	147,595	35,691
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0) .....	1.8	5.4	6.7	3.8	1.0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]  
 If no, please explain: .....

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE  
**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**  
**SCHEDULE P - PART 1 - SUMMARY**

(\$000 OMITTED)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported Direct and Assumed
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4	5	6	7	8	9			
1. Prior.....	XXX	XXX	XXX	46,308	26,391	31,924	10,440	2,099		1,749	43,501	XXX
2. 2009.....	8,462,160	3,200,784	5,261,376	4,647,530	1,755,417	199,899	72,168	726,396	259,139	253,466	3,487,101	XXX
3. 2010.....	8,673,035	3,157,289	5,515,746	4,791,265	1,695,081	201,412	68,733	820,754	255,482	316,960	3,794,135	XXX
4. 2011.....	9,378,569	1,852,336	7,526,233	5,663,091	994,704	220,380	31,233	909,181	134,793	351,783	5,631,922	XXX
5. 2012.....	9,663,511	2,587,835	7,075,676	5,679,206	1,421,404	230,357	47,965	833,986	211,349	355,772	5,062,832	XXX
6. 2013.....	9,678,053	2,575,631	7,102,422	5,359,297	1,350,891	195,110	41,016	767,522	212,031	310,527	4,717,991	XXX
7. 2014.....	9,588,056	2,558,971	7,029,086	5,085,348	1,285,572	181,150	37,523	733,531	199,739	314,260	4,477,195	XXX
8. 2015.....	9,765,171	1,907,764	7,857,407	5,324,913	982,179	168,137	25,719	784,428	144,219	351,517	5,125,360	XXX
9. 2016.....	10,100,404	2,269,341	7,831,063	5,539,288	1,215,198	136,702	33,472	756,200	161,872	370,221	5,021,648	XXX
10. 2017.....	10,264,782	2,750,202	7,514,580	6,083,993	2,325,246	99,597	60,640	744,430	196,629	346,752	4,345,505	XXX
11. 2018.....	10,435,009	3,332,064	7,102,945	4,305,552	1,776,257	35,496	46,519	541,756	235,723	214,120	2,824,305	XXX
12. Totals.....	XXX	XXX	XXX	52,525,792	14,828,341	1,700,166	475,426	7,620,284	2,010,977	3,187,125	44,531,497	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Adjusting and Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
1. Prior.....	107,148	31,641	451,537	132,649	156		129,905	995	43,311		1,942	566,772	XXX
2. 2009.....	13,513	120	34,679	13,109	153		5,331	100	3,122		291	43,468	XXX
3. 2010.....	13,950	1,428	38,755	13,141	95		6,439	202	3,360		538	47,828	XXX
4. 2011.....	22,313	95	46,230	15,104	193		10,054	325	4,261		867	67,527	XXX
5. 2012.....	28,680	6,123	53,624	21,582	190	38	12,738	2,606	5,488		1,366	70,370	XXX
6. 2013.....	35,012	7,308	57,134	22,675	162	32	16,686	3,448	6,785		2,233	82,317	XXX
7. 2014.....	58,108	11,845	82,695	29,940	79	16	24,882	5,274	11,919		4,047	130,606	XXX
8. 2015.....	140,309	20,288	131,100	33,513	175	24	43,893	6,471	23,156		12,279	278,336	XXX
9. 2016.....	264,207	55,506	272,074	91,919	291	178	79,298	19,438	46,304		18,363	495,134	XXX
10. 2017.....	553,061	138,971	615,480	337,680	608	144	126,470	40,442	93,746		46,750	872,127	XXX
11. 2018.....	884,086	272,128	1,845,169	877,829	1,155	328	177,396	66,852	328,146		169,817	2,018,815	XXX
12. Totals.....	2,120,387	545,452	3,628,477	1,589,140	3,257	760	633,091	146,154	569,597		258,493	4,673,301	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred /Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	394,395	172,377
2. 2009.....	5,630,622	2,100,053	3,530,569	66.5	65.6	67.1			51.8	34,963	8,505
3. 2010.....	5,876,030	2,034,066	3,841,964	67.8	64.4	69.7			51.8	38,135	9,693
4. 2011.....	6,875,702	1,176,253	5,699,449	73.3	63.5	75.7			51.8	53,344	14,183
5. 2012.....	6,844,269	1,711,067	5,133,203	70.8	66.1	72.5			51.8	54,599	15,771
6. 2013.....	6,437,708	1,637,400	4,800,308	66.5	63.6	67.6			51.8	62,164	20,153
7. 2014.....	6,177,712	1,569,910	4,607,801	64.4	61.3	65.6			51.8	99,017	31,589
8. 2015.....	6,616,110	1,212,414	5,403,697	67.8	63.6	68.8			51.8	217,608	60,728
9. 2016.....	7,094,364	1,577,582	5,516,781	70.2	69.5	70.4			51.8	388,857	106,277
10. 2017.....	8,317,386	3,099,753	5,217,633	81.0	112.7	69.4			51.8	691,890	180,237
11. 2018.....	8,118,758	3,275,637	4,843,121	77.8	98.3	68.2			51.8	1,579,298	439,517
12. Totals.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	3,614,272	1,059,030

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 One Year	12 Two Year
1. Prior.....	2,136,484	2,037,831	2,014,077	2,097,697	2,104,216	2,113,708	2,142,907	2,247,568	2,267,252	2,284,608	17,356	37,040
2. 2009.....	3,217,303	3,090,823	3,055,249	3,056,539	3,057,620	3,054,148	3,061,546	3,062,252	3,062,142	3,060,190	(1,952)	(2,062)
3. 2010.....	XXX	3,339,019	3,280,454	3,270,200	3,275,405	3,276,728	3,279,093	3,279,189	3,274,870	3,273,332	(1,539)	(5,858)
4. 2011.....	XXX	XXX	4,908,098	4,909,023	4,889,026	4,891,713	4,913,251	4,920,739	4,923,776	4,920,800	(2,976)	61
5. 2012.....	XXX	XXX	XXX	4,463,259	4,465,736	4,496,110	4,503,264	4,515,963	4,515,083	4,505,078	(10,005)	(10,885)
6. 2013.....	XXX	XXX	XXX	XXX	4,184,449	4,185,460	4,223,985	4,238,040	4,240,295	4,238,032	(2,263)	(8)
7. 2014.....	XXX	XXX	XXX	XXX	XXX	4,014,941	4,026,307	4,047,301	4,062,892	4,062,091	(801)	14,790
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	4,686,993	4,698,712	4,717,275	4,740,331	23,056	41,620
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,873,136	4,840,481	4,876,150	35,669	3,014
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,581,751	4,576,086	(5,665)	XXX
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,208,942	XXX	XXX
12. Totals											50,880	77,712

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018		
1. Prior.....	000	679,946	1,075,201	1,277,110	1,440,864	1,527,923	1,622,254	1,688,521	1,719,745	1,761,147	XXX	XXX
2. 2009.....	1,784,281	2,468,847	2,703,275	2,843,229	2,954,902	2,986,617	2,985,229	3,002,634	3,014,291	3,019,844	XXX	XXX
3. 2010.....	XXX	1,717,582	2,570,368	2,886,336	3,081,574	3,164,710	3,177,964	3,205,830	3,219,083	3,228,864	XXX	XXX
4. 2011.....	XXX	XXX	2,890,245	4,025,832	4,430,101	4,644,188	4,742,260	4,800,963	4,837,709	4,857,534	XXX	XXX
5. 2012.....	XXX	XXX	XXX	2,585,945	3,631,557	4,018,522	4,247,004	4,363,909	4,419,803	4,440,195	XXX	XXX
6. 2013.....	XXX	XXX	XXX	XXX	2,478,015	3,426,446	3,799,767	4,000,266	4,117,288	4,162,500	XXX	XXX
7. 2014.....	XXX	XXX	XXX	XXX	XXX	2,353,968	3,294,613	3,637,872	3,841,569	3,943,403	XXX	XXX
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	2,723,137	3,834,468	4,235,171	4,485,151	XXX	XXX
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,937,417	4,036,401	4,427,320	XXX	XXX
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,890,718	3,797,704	XXX	XXX
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,518,272	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018
1. Prior.....	1,417,611	912,180	658,857	628,451	513,038	457,793	414,643	464,711	463,403	447,799
2. 2009.....	946,666	340,869	185,331	108,527	61,253	40,946	50,505	37,804	31,450	26,800
3. 2010.....	XXX	1,022,971	375,189	200,538	101,230	63,710	61,949	48,767	37,964	31,852
4. 2011.....	XXX	XXX	1,281,874	462,705	244,613	119,900	88,130	69,886	50,320	40,855
5. 2012.....	XXX	XXX	XXX	1,187,165	414,916	253,400	128,340	86,569	61,393	42,173
6. 2013.....	XXX	XXX	XXX	XXX	1,055,572	382,449	216,937	127,433	70,026	47,698
7. 2014.....	XXX	XXX	XXX	XXX	XXX	1,137,037	399,113	217,942	116,299	72,362
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	1,350,813	464,876	251,233	135,009
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,345,962	424,964	240,015
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	981,668	363,828
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,077,884

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	L	65,552,061	66,377,450		31,973,779	31,614,467	18,569,420	362,192
2. Alaska	AK	N							
3. Arizona	AZ	L	159,549,298	159,248,232		80,592,711	82,842,041	53,937,403	423,914
4. Arkansas	AR	L	33,168,109	31,409,699		13,145,268	15,027,643	8,776,347	112,301
5. California	CA	L	2,219,657,062	2,185,496,606		1,449,472,787	1,613,551,546	1,323,680,565	22,974,758
6. Colorado	CO	L	446,972,959	442,679,684	180,225	323,629,920	318,013,864	248,883,954	1,761,952
7. Connecticut	CT	L							
8. Delaware	DE	L							
9. District of Columbia	DC	L							
10. Florida	FL	L	1,458,419	524,445		102,286	379,473	277,187	571
11. Georgia	GA	L	182,280,006	155,208,240		68,814,309	116,429,388	67,028,189	372,865
12. Hawaii	HI	N							
13. Idaho	ID	L	29,064,135	28,086,846		16,304,826	18,621,947	11,685,610	132,507
14. Illinois	IL	L	177,652,766	176,021,537		113,063,157	103,960,087	58,224,386	531,362
15. Indiana	IN	L	32,903,986	32,548,750		15,449,549	15,165,796	8,612,622	118,057
16. Iowa	IA	L	15,930,602	15,884,376		6,463,018	5,521,463	4,764,981	43,373
17. Kansas	KS	L	72,795,266	72,066,214		20,326,883	20,793,273	13,023,494	184,996
18. Kentucky	KY	L				(3,373)	(3,824)	2,382	
19. Louisiana	LA	L				80,847	4,217	151,156	
20. Maine	ME	L	1,061,063	1,093,066		455,877	130,618	328,383	6,500
21. Maryland	MD	L	32,415,160	29,436,210		19,205,090	23,475,259	8,879,568	19,622
22. Massachusetts	MA	L							
23. Michigan	MI	L	181,910,730	182,557,813		134,114,643	233,045,320	693,663,649	896,149
24. Minnesota	MN	L	106,385,745	103,895,076		47,195,041	48,371,307	35,444,867	675,070
25. Mississippi	MS	L	133	(1,054)		(1,985)	(12,594)	122,181	
26. Missouri	MO	L	133,336,297	130,849,751		47,385,533	41,603,992	25,833,305	349,408
27. Montana	MT	L	29,904,926	29,417,076		11,547,051	11,409,441	7,225,306	100,164
28. Nebraska	NE	L	29,155,508	28,479,589		13,299,801	8,994,130	6,915,199	64,680
29. Nevada	NV	L	164,204,493	157,373,292		83,178,514	90,028,453	67,779,058	762,245
30. New Hampshire	NH	L	210,461	331,242		152,691	112,808	153,710	1,265
31. New Jersey	NJ	L	65,748,755	62,962,805		26,973,788	48,724,917	43,494,223	311,440
32. New Mexico	NM	L	67,243,259	66,324,770		40,330,767	38,628,253	20,147,335	226,592
33. New York	NY	L	689,817	656,654		1,234,577	332,147	357,730	11,863
34. North Carolina	NC	L	391	763		(637)	(2,634)	102,760	
35. North Dakota	ND	L	6,251,679	5,858,398		1,613,746	1,820,405	1,264,950	14,599
36. Ohio	OH	L	55,282,813	55,133,997		19,195,056	18,322,460	12,839,965	247,674
37. Oklahoma	OK	L	9,980,672	9,706,276		7,312,969	5,459,791	10,904,008	85,200
38. Oregon	OR	L	86,962,412	84,523,373		48,593,283	49,813,723	41,690,949	432,855
39. Pennsylvania	PA	L	66,312,019	56,166,619		8,685,845	42,177,065	34,151,843	18,138
40. Rhode Island	RI	L							
41. South Carolina	SC	L							
42. South Dakota	SD	L	14,813,603	14,489,370		8,711,662	9,447,845	4,977,553	34,358
43. Tennessee	TN	L	60,299,744	60,195,834		26,987,848	28,776,760	18,548,507	311,019
44. Texas	TX	L	92,370,769	93,295,248		44,119,816	26,555,797	57,427,533	593,017
45. Utah	UT	L	59,021,406	58,022,090		29,381,469	28,543,733	15,635,667	205,045
46. Vermont	VT	L							
47. Virginia	VA	L	20,353,077	21,727,948		8,629,805	9,165,246	8,556,823	123,692
48. Washington	WA	L	36,635,871	36,374,112		20,416,000	21,475,398	32,905,127	323,680
49. West Virginia	WV	L							
50. Wisconsin	WI	L	22,766,501	24,150,703	10,492	9,769,421	8,935,747	9,476,242	130,129
51. Wyoming	WY	L	26,163,166	25,457,452		22,190,701	24,749,439	11,006,578	71,621
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate other alien	OT	XXX							
59. Totals	XXX		4,806,465,139	4,704,030,554	190,717	2,820,094,337	3,162,006,207	2,987,450,712	33,034,871
DETAILS OF WRITE-INS									
58001.		XXX							
58002.		XXX							
58003.		XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page		XXX							
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)		XXX							

(a) Active Status Counts:

- L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....49
- E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - see DSLI).....
- D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....
- R - Registered - Non-domiciled RRGs.....
- Q - Qualified - Qualified or accredited reinsurer.....
- N - None of the above - Not allowed to write business in the state.....8

(b) Explanation of basis of allocation of premiums by states, etc.

Premiums are assigned to the states in which the risk is located

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF FARMERS INSURANCE GROUP  
PART 1 - ORGANIZATIONAL CHART**

Company	FEIN	NAIC	Domiciled	Ownership	%
11930 Narcoossee Road, LLC	82-3606914	N/A	DE	Mid-Century Insurance Company	100.00000
145 Great Road, LLC	81-4674724	N/A	DE	Mid-Century Insurance Company	100.00000
17885 Von Karman, LLC	47-3820947	N/A	CA	Farmers Insurance Exchange	100.00000
201 Railroad Ave, LLC	82-2860816	N/A	DE	Farmers Insurance Exchange	100.00000
21st Century Advantage Insurance Company	22-3398993	25232	MN	21st Century North America Insurance Company	100.00000
21st Century Assurance Company	13-3551577	44245	DE	Mid-Century Insurance Company	100.00000
21st Century Auto Insurance Company of New Jersey	22-3337475	10184	NJ	21st Century Centennial Insurance Company	100.00000
21st Century Casualty Company	95-4136306	36404	CA	21st Century Insurance Group	100.00000
21st Century Centennial Insurance Company	23-2044095	34789	PA	Mid-Century Insurance Company	100.00000
21st Century Indemnity Insurance Company	13-1967524	43974	PA	21st Century Premier Insurance Company	100.00000
21st Century Insurance and Financial Services, Inc.	51-0283170	N/A	DE	Mid-Century Insurance Company	100.00000
21st Century Insurance Company	95-2565072	12963	CA	21st Century Insurance Group	100.00000
21st Century Insurance Company of the Southwest	86-0812982	10245	TX	21st Century Insurance Group	100.00000
21st Century Insurance Group	95-1935264	N/A	DE	Mid-Century Insurance Company	100.00000
21st Century North America Insurance Company	13-3333609	32220	NY	Mid-Century Insurance Company	100.00000
21st Century Pacific Insurance Company	02-0226203	23795	CO	Mid-Century Insurance Company	100.00000
21st Century Pinnacle Insurance Company	13-3922232	10710	NJ	21st Century North America Insurance Company	100.00000
21st Century Preferred Insurance Company	95-2743473	22225	PA	21st Century Centennial Insurance Company	100.00000
21st Century Premier Insurance Company	22-1721971	20796	PA	21st Century Centennial Insurance Company	100.00000
21st Century Superior Insurance Company	95-4232263	43761	CA	21st Century North America Insurance Company	100.00000
2501 East Valley Road, LLC	82-2666461	N/A	DE	Fire Insurance Exchange	100.00000
2720 Fourth Ave, LLC	47-4944225	N/A	DE	Farmers Insurance Exchange	100.00000
384 Santa Trinita Ave LLC	81-0741455	N/A	DE	Fire Insurance Exchange	100.00000
3900 Indian Avenue, LLC	81-2487862	N/A	DE	Farmers Insurance Exchange	100.00000
460 Gibraltar Drive, LLC	81-4365602	N/A	DE	Truck Insurance Exchange	100.00000
50th State Risk Management Services, Inc.	99-0215429	N/A	HI	Hawaii Insurance Consultants, Ltd.	100.00000
5401 Wiles Road LLC	47-2591947	N/A	FL	Mid-Century Insurance Company	100.00000
600 Riverside Parkway, LLC	81-1746692	N/A	DE	Farmers Insurance Exchange	100.00000
6671-6675 North Macarthur Blvd, LLC	82-4386531	N/A	DE	Mid-Century Insurance Company	100.00000
922 W. Washington Blvd, LLC	47-3968324	N/A	IL	Farmers Insurance Exchange	100.00000
American Pacific Insurance Company, Inc.	13-3953213	10805	HI	Farmers Insurance Hawaii, Inc.	100.00000
Bristol West Casualty Insurance Company	34-1893500	11034	OH	Coast National Insurance Company	100.00000
Bristol West Holdings, Inc.	13-3994449	N/A	DE	Farmers Insurance Exchange	42.00000
Bristol West Holdings, Inc.	13-3994449	N/A	DE	Fire Insurance Exchange	3.75000
Bristol West Holdings, Inc.	13-3994449	N/A	DE	Truck Insurance Exchange	6.75000
Bristol West Holdings, Inc.	13-3994449	N/A	DE	Mid-Century Insurance Company	47.50000
Bristol West Insurance Company	38-1865162	19658	OH	Coast National Insurance Company	100.00000
Bristol West Insurance Services of California, Inc.	65-0880876	N/A	CA	Bristol West Holdings, Inc.	100.00000
Bristol West Insurance Services, Inc. of Florida	65-0616769	N/A	FL	Bristol West Holdings, Inc.	100.00000
Bristol West Preferred Insurance Company	86-1174452	12774	MI	Bristol West Holdings, Inc.	100.00000
BWIS of Nevada, Inc.	65-0919338	N/A	NV	Bristol West Holdings, Inc.	100.00000
Civic Property and Casualty Company	95-4528269	10315	CA	Fire Insurance Exchange	80.00000

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF FARMERS INSURANCE GROUP  
PART 1 - ORGANIZATIONAL CHART**

Company	FEIN	NAIC	Domiciled	Ownership	%
Civic Property and Casualty Company	95-4528269	10315	CA	Truck Insurance Exchange	20.00000
Coast National General Agency, Inc.	76-0543593	N/A	TX	Bristol West Holdings, Inc.	100.00000
Coast National Holding Company	33-0246699	N/A	CA	Bristol West Holdings, Inc.	100.00000
Coast National Insurance Company	33-0246701	25089	CA	Coast National Holding Company	100.00000
Exact Property and Casualty Company	95-4528266	10318	CA	Fire Insurance Exchange	80.00000
Exact Property and Casualty Company	95-4528266	10318	CA	Truck Insurance Exchange	20.00000
Farmers Financial Solutions, LLC	77-0530616	N/A	NV	FFS Holding, LLC	100.00000
Farmers Insurance Company of Arizona	95-2626387	21598	AZ	Farmers Insurance Exchange	70.00000
Farmers Insurance Company of Arizona	95-2626387	21598	AZ	Truck Insurance Exchange	20.00000
Farmers Insurance Company of Arizona	95-2626387	21598	AZ	Fire Insurance Exchange	10.00000
Farmers Insurance Company of Idaho	95-2626385	21601	ID	Farmers Insurance Exchange	80.00000
Farmers Insurance Company of Idaho	95-2626385	21601	ID	Fire Insurance Exchange	6.70000
Farmers Insurance Company of Idaho	95-2626385	21601	ID	Truck Insurance Exchange	13.30000
Farmers Insurance Company of Oregon	95-2655893	21636	OR	Farmers Insurance Exchange	80.00000
Farmers Insurance Company of Oregon	95-2655893	21636	OR	Truck Insurance Exchange	20.00000
Farmers Insurance Company of Washington	95-2655894	21644	WA	Fire Insurance Exchange	80.00000
Farmers Insurance Company of Washington	95-2655894	21644	WA	Truck Insurance Exchange	20.00000
Farmers Insurance Company, Inc.	48-0609012	21628	KS	Farmers Insurance Exchange	90.00000
Farmers Insurance Company, Inc.	48-0609012	21628	KS	Fire Insurance Exchange	10.00000
Farmers Insurance Exchange	95-2575893	21652	CA	Interinsurance Exchange (See Note 1)	
Farmers Insurance Hawaii, Inc.	22-2640040	28487	HI	Mid-Century Insurance Company	100.00000
Farmers Insurance of Columbus, Inc.	31-0956373	36889	OH	Farmers Insurance Exchange	100.00000
Farmers New Century Insurance Company	36-4165395	10806	IL	Illinois Farmers Insurance Company	100.00000
Farmers Services Insurance Agency	95-6048990	N/A	CA	Truck Insurance Exchange	100.00000
Farmers Specialty Insurance Company	59-2326047	43699	MI	Foremost Insurance Company Grand Rapids, Michigan	100.00000
Farmers Texas County Mutual Insurance Company	74-1067657	24392	TX	County Mutual Company (See Note 2)	
FCOA, LLC	27-0342907	N/A	DE	Foremost Insurance Company Grand Rapids, Michigan	100.00000
FFS Holding, LLC	77-0530617	N/A	NV	Mid-Century Insurance Company	100.00000
Fire Insurance Exchange	95-6235715	21660	CA	Interinsurance Exchange (See Note 3)	
Foremost County Mutual Insurance Company	38-1721730	29254	TX	County Mutual Company (See Note 4)	
Foremost Express Insurance Agency, Inc.	38-2505922	N/A	MI	FCOA, LLC	100.00000
Foremost Insurance Company Grand Rapids, Michigan	38-1407533	11185	MI	Farmers Insurance Exchange	80.00000
Foremost Insurance Company Grand Rapids, Michigan	38-1407533	11185	MI	Fire Insurance Exchange	10.00000
Foremost Insurance Company Grand Rapids, Michigan	38-1407533	11185	MI	Truck Insurance Exchange	10.00000
Foremost Lloyds of Texas	75-1779175	41688	TX	Lloyds Company (See Note 5)	
Foremost Property and Casualty Insurance Company	35-1604635	11800	MI	Foremost Insurance Company Grand Rapids, Michigan	100.00000
Foremost Signature Insurance Company	38-2430150	41513	MI	Foremost Insurance Company Grand Rapids, Michigan	100.00000
GP, LLC	65-1142050	N/A	DE	Bristol West Holdings, Inc.	100.00000
Hawaii Insurance Consultants, Ltd.	99-0083322	N/A	HI	Mid-Century Insurance Company	100.00000
Illinois Farmers Insurance Company	36-2661515	21679	IL	Farmers Insurance Exchange	100.00000
Insurance Data Systems, G.P.	65-0881673	N/A	FL	Bristol West Holdings, Inc.	99.90000
Insurance Data Systems, G.P.	65-0881673	N/A	FL	GP, LLC	0.10000

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF FARMERS INSURANCE GROUP  
PART 1 - ORGANIZATIONAL CHART**

<b>Company</b>	<b>FEIN</b>	<b>NAIC</b>	<b>Domiciled</b>	<b>Ownership</b>	<b>%</b>
Kraft Lake Insurance Agency, Inc.	38-2336672	N/A	MI	FCOA, LLC	100.00000
Mid-Century Insurance Company	95-6016640	21687	CA	Farmers Insurance Exchange	80.00000
Mid-Century Insurance Company	95-6016640	21687	CA	Fire Insurance Exchange	10.00000
Mid-Century Insurance Company	95-6016640	21687	CA	Truck Insurance Exchange	10.00000
Mid-Century Insurance Company of Texas	74-2448744	28673	TX	Farmers Insurance Exchange	100.00000
Neighborhood Spirit Property and Casualty Company	95-4528264	10317	CA	Fire Insurance Exchange	80.00000
Neighborhood Spirit Property and Casualty Company	95-4528264	10317	CA	Truck Insurance Exchange	20.00000
Security National Insurance Company	65-0109120	33120	FL	Bristol West Holdings, Inc. (See Note 6)	100.00000
Texas Farmers Insurance Company	94-1663548	21695	TX	Farmers Insurance Exchange	86.28000
Texas Farmers Insurance Company	94-1663548	21695	TX	Mid Century Insurance Company	13.72000
Truck Insurance Exchange	95-2575892	21709	CA	Interinsurance Exchange (See Note 7)	
Western Star Insurance Services, Inc.	74-1593853	N/A	TX	FCOA, LLC	100.00000

The following are Zurich Insurance Group entities within NAIC Group Code "0212" and are not included in Farmers Insurance Group within NAIC Group Code "0069"

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Access Franchise Management Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ACN 000 141 051 Ltd.		N/A	AUS	Zurich Financial Services Australia Limited	100.00000
ADAC Autoversicherung AG		N/A	DEU	Zürich Beteiligungs-Aktiengesellschaft (Deutschland)	51.00000
Afterland Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
AG Haus der Wirtschaft		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	8.16327
Allied Dunbar Assurance plc		N/A	GBR	Zurich Financial Services (UKISA) Nominees Limited	100.00000
Allied Dunbar Financial Services Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Allied Dunbar Healthcare Marketing Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Allied Dunbar Property Services Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Allied Dunbar Provident plc		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Allied Zurich Holdings Limited		N/A	JEY	Zurich Versicherungs-Gesellschaft AG	100.00000
Allied Zurich Limited		N/A	GBR	Zurich Insurance Group Ltd.	100.00000
American Guarantee and Liability Insurance Company	36-6071400	26247	NY	Zurich American Insurance Company	100.00000
American Zurich Insurance Company	36-3141762	40142	IL	Steadfast Insurance Company	100.00000
Applyhere Pty Ltd		N/A	AUS	Davidson Trahaire Holding Pty Ltd	100.00000
Ashdale Land and Property Company Limited		N/A	GBR	Zurich Insurance plc	100.00000
Asistbras S/A Assistência ao Viajante		N/A	BRA	Travel Ace Internacional de Servicios S.A.	65.00000
Assistance Online (China) Co Ltd		N/A	CHN	Assistancee Online Pte. Ltd	100.00000
Assistancee Online HK Ltd		N/A	HKG	Assistancee Online HK Ltd	0.00000
Assistancee Online HK Ltd		N/A	HKG	Assistancee Online Pte. Ltd	100.00000
Assistancee Online Pte. Ltd		N/A	SGP	Customer Care Assistance Pty Ltd	100.00000
Associated Marine Insurers Agents Pty. Limited		N/A	AUS	Zurich Financial Services Australia Limited	100.00000
ASTIS Holdings Limited		N/A	AUS	Cover-More Finance Pty Limited	100.00000
Aust Office 1, LLC	36-4851720	N/A	DE	Zurich American Insurance Company	100.00000
Ballykilliane Holdings Limited		N/A	IRL	Zurich Insurance plc	100.00000
Bansabadell Pensiones, E.G.F.P, S.A.		N/A	ESP	Zurich Vida, Compañía de Seguros y Reaseguros, S.A. - Socied	50.00000
Bansabadell Seguros Generales, S.A. de Seguros y Reaseguros		N/A	ESP	Zurich Versicherungs-Gesellschaft AG	50.00000
Bansabadell Servicios Auxiliares De Seguros, S.L.		N/A	ESP	Bansabadell Seguros Generales, S.A. de Seguros y Reaseguros	100.00000
Bansabadell Vida S.A. de Seguros y Reaseguros		N/A	ESP	Zurich Vida, Compañía de Seguros y Reaseguros, S.A. - Socied	50.00000
Benefit Finance Partners, L.L.C.		N/A	DE	Zurich Benefit Finance LLC	50.00000
BFP Securities LLC	13-4097988	N/A	DE	Benefit Finance Partners, L.L.C.	100.00000
Bloomington Office LP		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Bloomington Office MGP Manager, Inc		N/A	DE	Zurich Structured Finance, Inc.	100.00000
Bloomington Office MGP, LLC		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Bloomington Office MGP, LLC		N/A	DE	Bloomington Office MGP Manager, Inc	1.00000
Blue Insurance Australia Pty Ltd		N/A	AUS	Blue Insurance Limited	100.00000
Blue Insurance Limited		N/A	IRL	Cover-More Australia Pty Ltd	97.61000
Blue Marble Capital L.P.		N/A	BMU	Blue Marble Micro Limited	100.00000
Blue Marble Micro Limited		N/A	GBR	Zürich Versicherungs-Gesellschaft AG	100.00000
Blue Marble Microinsurance, Inc.		N/A	DE	Blue Marble Micro Limited	100.00000
Bonnfinanz Aktiengesellschaft fur Vermögensberatung und Verm		N/A	DEU	Deutscher Herold Aktiengesellschaft	100.00000
Bonus Pensionskassen Aktiengesellschaft		N/A	AUT	Zurich Versicherungs-Aktiengesellschaft	87.50000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
BONUS Vorsorgekasse AG		N/A	AUT	Zurich Versicherungs-Aktiengesellschaft	50.00000
BOS Apt 1, LLC	47-2289489	N/A	DE	Zurich American Insurance Company	100.00000
BOS Apt 2, LLC	47-2445859	N/A	DE	Zurich American Insurance Company	100.00000
BOS Office 2 LLC	47-1046245	N/A	DE	Zurich American Insurance Company	100.00000
BOS Office 3, LLC	47-2483669	N/A	DE	Farmers New World Life Insurance Company	100.00000
BOS Office 4, LLC	37-1849541	N/A	DE	Zurich American Insurance Company	100.00000
BOS Retail 1, LLC	47-4684158	N/A	DE	Zurich American Insurance Company	100.00000
Bright Box Europe S.A.		N/A	CHE	Bright Box HK Limited	100.00000
Bright Box HK Limited		N/A	CHN	Zürich Versicherungs-Gesellschaft AG	100.00000
Bright Box Hungary KFT		N/A	HUN	Bright Box HK Limited	100.00000
Bright Box Middle East FZCO		N/A	ARE	Bright Box HK Limited	100.00000
Brinker Retail MGP, LLC		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Bristlecourt Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Cayley Aviation Ltd.		N/A	BMU	Zurich Insurance Company Ltd, Bermuda Branch	100.00000
Celta Assistance SL		N/A	ESP	Universal Assistance S.A.	100.00000
Centre Group Holdings (U.S.) Limited	13-4038482	N/A	DE	Zurich Finance Company Ltd	100.00000
Centre Insurance Company	13-2653231	34649	DE	Centre Solutions (U.S.) Limited	100.00000
Centre Life Insurance Company	04-1589940	80896	MA	Centre Solutions (U.S.) Limited	100.00000
Centre Reinsurance (U.S.) Limited	AA-3190673	N/A	BMU	Centre Group Holdings (U.S.) Limited	100.00000
Centre Solutions (Bermuda) Limited		N/A	BMU	Zurich Finance Company Ltd	100.00000
Centre Solutions (U.S.) Limited	AA-3190822	N/A	BMU	Centre Group Holdings (U.S.) Limited	100.00000
Charlotte Office 1, LLC	30-1113235	N/A	DE	Zurich American Insurance Company	100.00000
CHI APT 1, LLC	38-3988749	N/A	DE	Zurich American Insurance Company	100.00000
CHI IND 1, LLC	47-4429730	N/A	DE	Farmers New World Life Insurance Company	100.00000
Chilena Consolidada Seguros de Vida S.A.		N/A	CHL	Inversiones Suizo Chilena S.A.	98.97703
Chilena Consolidada Seguros Generales S.A.	AA-2280100	N/A	CHL	Chilena Consolidada Seguros de Vida S.A.	7.40525
Chilena Consolidada Seguros Generales S.A.	AA-2280100	N/A	CHL	Inversiones Suizo Chilena S.A.	82.73165
City of London Insurance Company Limited		N/A	GBR	Eagle Star Insurance Company Limited	100.00000
COFITEM-COFIMUR		N/A	FRA	Zurich Versicherungs-Gesellschaft AG	12.40521
Collierville Center, LP		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Collierville MGP Manager, Inc.		N/A	DE	Zurich Structured Finance, Inc.	100.00000
Collierville Office MGP, LLC		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Collierville Office MGP, LLC		N/A	DE	Collierville MGP Manager, Inc.	1.00000
Colonial American Casualty and Surety Company	52-1096670	34347	MD	Fidelity and Deposit Company of Maryland	100.00000
Community Trust Services Limited		N/A	GBR	Zurich Community Trust (UK) Limited	99.00000
Community Trust Services Limited		N/A	GBR	Zurich Financial Services (UKISA) Nominees Limited	1.00000
Concisa Vorsorgeberatung und Management AG		N/A	AUT	Bonus Pensionskassen Aktiengesellschaft	100.00000
Concourse Skelmersdale Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	100.00000
Cover-More (NZ) Limited		N/A	NZL	Cover-More Australia Pty Ltd	100.00000
Cover-More Asia Pte. Ltd		N/A	SGP	Travel Assist Pty Limited	100.00000
Cover-More Australia Pty Ltd		N/A	AUS	Cover-More Holdings Pty Ltd	100.00000
Cover-More Finance Pty Limited		N/A	AUS	Cover-More Group Limited	100.00000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Cover-More Group Limited		N/A	AUS	Zurich Travel Solutions Pty Limited	100.00000
Cover-More Holdings Pty Ltd		N/A	AUS	Travel Assist Pty Limited	100.00000
Cover-More Holdings USA Inc.		N/A	DE	Travel Assist Pty Limited	100.00000
Cover-More Inc.		N/A	DE	Cover-More Holdings USA Inc.	100.00000
Cover-More Insurance Services Limited		N/A	GBR	Cover-More Australia Pty Ltd	100.00000
Cover-More Insurance Services Pty Ltd		N/A	AUS	Travel Assist Pty Limited	100.00000
CP Holding Limited		N/A	VGB	Zurich Insurance Company Ltd, Bermuda Branch	100.00000
CREC (Birmingham), LLC		N/A	DE	Zurich Structured Finance, Inc.	100.00000
CREC (COLLIERVILLE), LLC	83-2914126	N/A	DE	Zurich Structured Finance, Inc.	100.00000
CREC (Durham), LLC		N/A	DE	Zurich Structured Finance, Inc.	100.00000
CREC (Sacramento), LLC		N/A	DE	Zurich Structured Finance, Inc.	100.00000
CTH Affordable Housing Corporation		N/A	DE	Zurich Structured Finance, Inc.	100.00000
CTH Affordable Housing Investor, Inc.		N/A	DE	CTH Affordable Housing Corporation	100.00000
CTH/Landmark SLP, Inc.		N/A	IL	CTH Affordable Housing Corporation	100.00000
Cursud N.V.		N/A	ANT	Zurich Versicherungs-Gesellschaft AG	100.00000
Customer Care Assistance Pty Ltd		N/A	AUS	Customer Care Holdings Pty Ltd	100.00000
Customer Care Holdings Pty Ltd		N/A	AUS	Travel Assist Pty Limited	100.00000
Customer Care Pty Ltd		N/A	AUS	Customer Care Holdings Pty Ltd	100.00000
DA Deutsche Allgemeine Versicherung Aktiengesellschaft		N/A	DEU	Zürich Beteiligungs-Aktiengesellschaft (Deutschland)	100.00000
Dallas Office MGP Manager, Inc.		N/A	DE	Zurich Structured Finance, Inc.	100.00000
Dallas Office MGP, LLC		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Dallas Office MGP, LLC		N/A	DE	Dallas Office MGP Manager, Inc.	1.00000
Dallas Tower LP		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Davidson Trahaire Corpsych (Singapore) Pte. Limited		N/A	SGP	DTC Bidco Pty Ltd	100.00000
Davidson Trahaire Corpsych Pty Ltd		N/A	AUS	Davidson Trahaire Holding Pty Ltd	65.00000
Davidson Trahaire Corpsych Pty Ltd		N/A	AUS	Applyhere Pty Ltd	35.00000
Davidson Trahaire Holding Pty Ltd		N/A	AUS	DTC Australia Pty Ltd	100.00000
DB Vita S.A.		N/A	LUX	Deutscher Herold Aktiengesellschaft	25.00000
DC Apt 1, LLC	47-4654837	N/A	DE	Zurich American Insurance Company	100.00000
DC Retail 1, LLC	82-2833981	N/A	DE	Farmers New World Life Insurance Company	100.00000
Delkir S.A.		N/A	URY	Zürich Versicherungs-Gesellschaft AG	100.00000
Delta Wetlands Properties		N/A	IL	KLMLP 2, LLC	90.00000
Delta Wetlands Properties		N/A	IL	KLMLP 3, LLC	10.00000
DEN Retail 1 LLC	47-1387852	N/A	DE	Farmers New World Life Insurance Company	100.00000
Derimed S.A.		N/A	ARG	Zürich Versicherungs-Gesellschaft AG	100.00000
Deutsche Zurich Pensiones, Entidad Gestora de Fondos de Pens		N/A	ESP	Zurich Vida, Compañía de Seguros y Reaseguros, S.A. - Socied	50.00000
Deutscher Herold Aktiengesellschaft		N/A	DEU	Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	79.82639
Deutscher Pensionsfonds Aktiengesellschaft		N/A	DEU	Deutscher Herold Aktiengesellschaft	74.90000
Deutsches Institut für Altersvorsorge GmbH		N/A	DEU	Deutscher Herold Aktiengesellschaft	22.00000
Digital Insurance Group B.V.		N/A	NLD	Zürich Versicherungs-Gesellschaft AG	10.00000
Disability Management Services, Inc.	06-1427246	N/A	CT	Centre Group Holdings (U.S.) Limited	40.00000
DTC Australia Pty Ltd		N/A	AUS	DTC Bidco Pty Ltd	100.00000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
DTC Bidco Pty Ltd		N/A	AUS	DTC Holdco Pty Ltd	100.00000
DTC Holdco Pty Ltd		N/A	AUS	ASTIS Holdings Limited	100.00000
DTC NZ Bidco Limited		N/A	NZL	DTC Bidco Pty Ltd	100.00000
Dunbar Assets Ireland		N/A	IRL	Zurich Finance Company Ltd	0.03664
Dunbar Assets Ireland		N/A	IRL	ZCMC II Holdings Limited	99.96335
Dunbar Assets plc		N/A	GBR	Dunbar Assets Ireland	100.00000
Dunbar Nominees Limited		N/A	GBR	Dunbar Assets plc	100.00000
Dunbar Sports and Social Club Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Dusfal S.A.		N/A	URY	Zürich Versicherungs-Gesellschaft AG	100.00000
Eagle Star (Leasing) Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Eagle Star Direct (Camberley) Limited		N/A	GBR	Zurich Insurance Company (U.K.) Limited	100.00000
Eagle Star Direct Services Limited		N/A	GBR	Zurich UK General Services Limited	100.00000
Eagle Star Estates Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Eagle Star European Life Assurance Company Limited		N/A	IRL	Zurich Life Assurance plc	100.00000
Eagle Star Executives Pension Trustee Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	100.00000
Eagle Star Farms Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Eagle Star Forests Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Eagle Star Group Holdings Limited		N/A	GBR	Eagle Star Holdings Limited	100.00000
Eagle Star Group Services Limited		N/A	GBR	Eagle Star Holdings Limited	100.00000
Eagle Star Holding Company of Ireland		N/A	IRL	Eagle Star Group Holdings Limited	0.00006
Eagle Star Holding Company of Ireland		N/A	IRL	Zurich Assurance Ltd	99.99994
Eagle Star Holdings Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	100.00000
Eagle Star Insurance Company Limited		N/A	GBR	Zurich Versicherungs-Gesellschaft AG	100.00000
Eagle Star Loans Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Eagle Star Securities Limited		N/A	GBR	Zurich Insurance plc	100.00000
Edilspettacolo SRL		N/A	ITA	Zurich Insurance Company Ltd - Rappresentanza Generale per I	35.71233
Empire Fire and Marine Insurance Company	47-6022701	21326	NE	Zurich American Insurance Company	100.00000
Empire Indemnity Insurance Company	73-6091717	21334	OK	Zurich American Insurance Company	100.00000
Employee Services Limited		N/A	GBR	Allied Dunbar Financial Services Limited	100.00000
Endsleigh Financial Services Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Endsleigh Pension Trustee Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Eritage S.A.		N/A	URY	Zürich Versicherungs-Gesellschaft AG	65.00000
ES (Walsall) Nominee Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ES Cannock Nominee 1 Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ES Cannock Nominee 2 Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ES Dudley Nominee 1 Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ES Dudley Nominee 2 Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ES Plympton Nominee 1 Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ES Plympton Nominee 2 Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ES Ramsgate Nominee 1 Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ES Ramsgate Nominee 2 Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
ESI Financing Limited		N/A	GBR	Eagle Star Insurance Company Limited	0.00011

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
ESI Financing Limited		N/A	GBR	Zurich Versicherungs-Gesellschaft AG	99.99989
Euclid KY Annex, LP		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Euclid Office LP		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Euclid Warehouses LP		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Euroamérica Administradora General de Fondos S.A		N/A	CHL	Chilena Consolidada Seguros de Vida S.A.	100.00000
Extremus Versicherung-Aktiengesellschaft		N/A	DEU	Zurich Insurance plc Niederlassung fur Deutschland	5.00000
Farmers Family Fund	45-3561769	N/A	CA	Farmers Group, Inc.	100.00000
Farmers Group, Inc.	95-0725935	N/A	NV	Zurich Versicherungs-Gesellschaft AG	87.90000
Farmers Group, Inc.	95-0725935	N/A	NV	Zurich Insurance Group Ltd.	12.10000
Farmers Life Insurance Company of New York	46-4261000	N/A	NY	Farmers New World Life Insurance Company	100.00000
Farmers New World Life Insurance Company	91-0335750	63177	WA	Farmers Group, Inc.	100.00000
Farmers Reinsurance Company	95-4650862	10873	CA	Farmers Group, Inc.	100.00000
Farmers Services Corporation		N/A	NV	Farmers Group, Inc.	100.00000
Farmers Underwriters Association		N/A	CA	Farmers Group, Inc.	100.00000
Fidelity and Deposit Company of Maryland	13-3046577	39306	MD	Zurich American Insurance Company	100.00000
FIG Holding Company		N/A	CA	Farmers Group, Inc.	100.00000
FIG Leasing Co., Inc.		N/A	CA	Farmers Group, Inc.	100.00000
Fire Underwriters Association	95-2670247	N/A	CA	Farmers Group, Inc.	100.00000
Fitsense Insurance Services Pty Ltd		N/A	AUS	Travel Assist Pty Limited	100.00000
Futuro de Bolivia S.A. Administradora de Fondos de Pensiones		N/A	BOL	Zurich Boliviana Seguros Personales S.A.	8.42193
Futuro de Bolivia S.A. Administradora de Fondos de Pensiones		N/A	BOL	Zurich South America Invest AB	71.57801
FX Insurance Agency, LLC	35-2281892	N/A	DE	FIG Leasing Co., Inc.	100.00000
FX Insurance Agency Hawaii, LLC	83-1572480	N/A	HI	FIG Leasing Co., Inc.	100.00000
General Surety & Guarantee Co Limited		N/A	GBR	Zurich Insurance Company (U.K.) Limited	100.00000
Genevoise, Compagnie Immobiliere SA		N/A	CHE	Zurich Lebensversicherungs-Gesellschaft AG	100.00000
Groewood Engineering Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Groewood Property Holdings Limited		N/A	GBR	Eagle Star Holdings Limited	100.00000
H4B Humboldthafen Einheitsgesellschaft GmbH&Co.KG		N/A	DEU	REX-ZDHL S.C.S. SICAV-SIF	94.90000
Halo Holdco Limited		N/A	GBR	Cover-More Australia Pty Ltd	100.00000
Halo Holdco Limited		N/A	GBR	Zürich Versicherungs-Gesellschaft AG	0.00000
Halo Insurance Services Limited		N/A	GBR	Halo Holdco Limited	100.00000
Halo Insurance Services Pty Ltd		N/A	AUS	Halo Insurance Services Limited	100.00000
Hawkcentral Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Herengracht Investments B.V		N/A	DEU	RE Curve Holding B.V.	100.00000
Home & Overseas Insurance Company Limited		N/A	GBR	Eagle Star Insurance Company Limited	100.00000
Hoplite Reinsurance Company of Vermont, Inc.	32-0478525	N/A	VT	Zurich Holding Company of America, Inc.	100.00000
HOU IND 1, LLC	46-2975161	N/A	DE	Zurich American Insurance Company	100.00000
HOU IND 2, LLC	46-2984834	N/A	DE	Zurich American Insurance Company	100.00000
HOU IND 3, LLC		N/A	DE	Zurich American Insurance Company	100.00000
Independence Center Realty L.P.		N/A	DE	Philadelphia Investor, LLC	89.00000
INNATE, Inc.		N/A	DC	Cover-More Holdings USA Inc.	100.00000
INTEGRA Versicherungsdienst GmbH		N/A	AUT	Zurich Versicherungs-Aktiengesellschaft	100.00000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
International Travel Assistance S.A.		N/A	PAN	Zürich Versicherungs-Gesellschaft AG	55.00000
Inversiones Suizo Chilena S.A.		N/A	CHL	Inversiones Suizo-Argentina S.A.	0.00001
Inversiones Suizo Chilena S.A.		N/A	CHL	Zurich Versicherungs-Gesellschaft AG	99.99999
Inversiones Suizo-Argentina S.A.		N/A	ARG	Zurich Lebensversicherungs-Gesellschaft AG	5.00400
Inversiones Suizo-Argentina S.A.		N/A	ARG	Zurich Versicherungs-Gesellschaft AG	94.99600
Inversiones ZS America Dos Limitada		N/A	CHL	Inversiones ZS America SpA	100.00000
Inversiones ZS America SpA		N/A	CHL	Zurich Santander Insurance America, S.L.	100.00000
Inversiones ZS America Tres SpA		N/A	CHL	Zurich Santander Insurance America, S.L.	100.00000
Inversora Alpina Financiadora de Primas, C.A.		N/A	VEN	Zurich Seguros, S.A.	100.00000
Irish National Insurance Company p.l.c.		N/A	IRL	Zurich Insurance plc	99.99999
Isis S.A.		N/A	ARG	Inversiones Suizo-Argentina S.A.	60.50140
Isis S.A.		N/A	ARG	Zurich Versicherungs-Gesellschaft AG	39.49860
JFS/ZSF 1997 L.P.		N/A	VA	Zurich Structured Finance, Inc.	99.00000
JFS/ZSF 1998, L.P.		N/A	VA	Zurich Structured Finance, Inc.	99.00000
Kansas City Office LP		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Kansas Office MGP Manager, Inc.		N/A	DE	Zurich Structured Finance, Inc.	100.00000
Kansas Office MGP, LLC		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Kansas Office MGP, LLC		N/A	DE	Kansas Office MGP Manager, Inc.	1.00000
Karvat Cover-More Assist. Pvt Ltd.		N/A	IND	Cover-More Asia Pte. Ltd	100.00000
Kennet Road 1 UK Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Kennet Road 2 UK Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
KLMLP 2, LLC		N/A	DE	KLMLP, L.P.	100.00000
KLMLP 3, LLC		N/A	DE	KLMLP 2, LLC	100.00000
KLMLP, L.P.		N/A	DE	Zurich American Corporation	75.00000
Knip (Deutschland) GmbH		N/A	DEU	Knip AG	100.00000
Knip AG		N/A	CHE	Digital Insurance Group B.V.	98.88000
Komparu B.V.		N/A	NLD	Digital Insurance Group B.V.	100.00000
Kono Insurance Limited		N/A	HKG	Zurich Versicherungs-Gesellschaft AG	100.00000
Kouler S.A.		N/A	URY	Zürich Versicherungs-Gesellschaft AG	100.00000
LA Industrial 1, LLC	36-4877375	N/A	DE	Zurich American Insurance Company	100.00000
LA Retail 1 LLC	47-1325180	N/A	DE	Zurich American Insurance Company	100.00000
Limited Liability Company "BRIGHT BOX"		N/A	RUS	Bright Box HK Limited	100.00000
Limited Liability Company "REMOTO"		N/A	RUS	Bright Box HK Limited	100.00000
Manon Vision Co., Ltd.		N/A	THA	Centre Solutions (Bermuda) Limited	0.00057
Manon Vision Co., Ltd.		N/A	THA	Zurich Finance Company Ltd	0.00066
Manon Vision Co., Ltd.		N/A	THA	Zurich Versicherungs-Gesellschaft AG	99.99877
MEATPACKING B.V.		N/A	NLD	Rock Inne Vastgoed B.V.	100.00000
Medidata AG		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	8.85180
Meritclass Investments Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
MI Administrators, LLC		N/A	DE	FIG Leasing Co., Inc.	100.00000
MIAMI INDUSTRIAL 1, LLC	30-0947450	N/A	DE	Zurich American Insurance Company	100.00000
Miami Industrial 2, LLC	81-3346909	N/A	DE	Farmers New World Life Insurance Company	100.00000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Miami Office 2, LLC	38-4002060	N/A	DE	Zurich American Insurance Company	100.00000
MIAMI OFFICE 3, LLC	35-2567170	N/A	DE	Zurich American Insurance Company	100.00000
Miami Retail 1, LLC	61-1852255	N/A	DE	Zurich American Insurance Company	100.00000
Minas Brasil Promotora de Servicos S/A		N/A	BRA	Zurich Minas Brasil Seguros S.A,	100.00000
MSHQ, LLC		N/A	DE	JFS/ZSF 1998, L.P.	100.00000
MSP APT 1, LLC	30-1003542	N/A	DE	Zurich American Insurance Company	100.00000
Nashville Office 1, LLC	30-1004249	N/A	DE	Zurich American Insurance Company	100.00000
Navigators and General Insurance Company Limited		N/A	GBR	Zurich Insurance plc	100.00000
Nearheath Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
NY Industrial 1, LLC	30-1071415	N/A	DE	Zurich American Insurance Company	100.00000
Oak Underwriting plc		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Orange Stone Company		N/A	IRL	Zurich Finance Company AG	100.00000
Orion Rechtsschutz-Versicherung AG		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	78.00000
Parcelgate Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Perils AG		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	11.11111
Perunsel S.A.		N/A	URY	Zürich Versicherungs-Gesellschaft AG	60.00000
Philly Office 1, LLC	35-2553880	N/A	DE	Zurich American Insurance Company	100.00000
POR Apt 1, LLC	47-1392591	N/A	DE	Zurich American Insurance Company	100.00000
POR Apt 2, LLC	47-4067157	N/A	DE	Zurich American Insurance Company	100.00000
POR Office 1, LLC	47-4054154	N/A	DE	Farmers New World Life Insurance Company	100.00000
Prime Corporate Psychology Pty Ltd		N/A	AUS	DTC Bidco Pty Ltd	100.00000
Protektor Lebensversicherungs-AG		N/A	DEU	Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft	5.15838
PT Zurich Insurance Indonesia	AA-5360007	N/A	IDN	Zurich International (Bermuda) Ltd.	1.56878
PT Zurich Insurance Indonesia	AA-5360007	N/A	IDN	Zurich Versicherungs-Gesellschaft AG	97.09134
PT Zurich Topas Life		N/A	IDN	Zurich Versicherungs-Gesellschaft AG	80.00000
R3 FL Holdings, LLC		N/A	FL	Fidelity and Deposit Company of Maryland	100.00000
Raleigh/Durham Offices, L.P.		N/A	DE	Zurich Structured Finance, Inc.	99.00000
RE Curve Holding B.V.		N/A	DEU	Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft	100.00000
Real Garant Espana S.L.		N/A	ESP	Real Garant GmbH Garantiesysteme	100.00000
Real Garant GmbH Garantiesysteme		N/A	DEU	Real Garant Versicherung Aktiengesellschaft	100.00000
Real Garant Versicherung Aktiengesellschaft		N/A	DEU	Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	100.00000
Research Triangle MGP Manager, Inc.		N/A	DE	Zurich Structured Finance, Inc.	100.00000
Research Triangle Office MGP, LLC		N/A	DE	Zurich Structured Finance, Inc.	99.00000
Research Triangle Office MGP, LLC		N/A	DE	Research Triangle MGP Manager, Inc.	1.00000
REX Holding S.a.r.l.		N/A	LUX	REX-ZDHL S.C.S. SICAV-SIF	100.00000
REX-Germany-ZDHL S.C.S		N/A	LUX	REX-ZDHL S.C.S. SICAV-SIF	95.24000
Rex-Spain-ZDHL S.L.		N/A	ESP	Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft	100.00000
REX-The East S.à.r.l.		N/A	LUX	REX-ZDHL S.C.S. SICAV-SIF	94.80000
REX-ZDHL GP S.a.r.l.		N/A	LUX	Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft	100.00000
REX-ZDHL S.C.S. SICAV-SIF		N/A	LUX	Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft	100.00000
Rock Inne Vastgoed B.V.		N/A	NLD	REX Holding S.à.r.l.	100.00000
Rokin 21 B.V.		N/A	NLD	Roxana Vastgoed B.V.	100.00000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Rokin 49 B.V.		N/A	NLD	Rock Inne Vastgoed B.V.	100.00000
Roxana Vastgoed B.V.		N/A	NLD	REX Holding S.à.r.l.	100.00000
Rural Community Insurance Company	41-1375004	39039	MN	Zurich American Insurance Company	100.00000
Sacramento Office MGP, LLC		N/A	DE	Zurich Structured Finance, Inc.	100.00000
SAN DIEGO INDUSTRIAL 1, LLC	47-5542773	N/A	DE	Zurich American Insurance Company	100.00000
San Diego Retail 1, LLC	61-1791237	N/A	DE	Zurich American Insurance Company	100.00000
Santander Rio Seguros S.A.		N/A	ARG	Inversiones ZS America SpA	4.00000
Santander Rio Seguros S.A.		N/A	ARG	Zurich Santander Insurance America, S.L.	96.00000
Santander Seguros Sociedad Anónima		N/A	URY	Zurich Santander Insurance America, S.L.	100.00000
Saudi National Insurance Company		N/A	BHR	Zurich Insurance Company Ltd (Bahrain Branch)	5.00000
Sceptre Trust Limited		N/A	BHS	Eagle Star Holdings Limited	0.00002
Sceptre Trust Limited		N/A	BHS	Eagle Star Insurance Company Limited	99.99998
SEA APARTMENT 1, LLC	46-2520145	N/A	DE	Zurich American Insurance Company	100.00000
SEA APARTMENT 2, LLC	46-3060914	N/A	DE	Zurich American Insurance Company	100.00000
Serviaide Assistencia e Servicos, Lda.		N/A	PRT	AIDE Assistencia Seguros y Reaseguros, S.A. - Sociedad Uniper	95.00001
Serviaide Assistencia e Servicos, Lda.		N/A	PRT	Serviaide, S.A. - Sociedad Unipersonal	4.99999
Serviaide, S.A. - Sociedad Unipersonal		N/A	ESP	AIDE Assistencia Seguros y Reaseguros, S.A. - Sociedad Uniper	100.00000
Servizurich S.A. - Sociedad Unipersonal		N/A	ESP	Zurich Insurance plc, Sucursal en Espana	100.00000
SF Apt 1, LLC	47-1153493	N/A	DE	Zurich American Insurance Company	100.00000
SF Industrial 1, LLC	46-4095281	N/A	DE	Farmers New World Life Insurance Company	100.00000
SF Office 1, LLC	46-5341537	N/A	DE	Zurich American Insurance Company	100.00000
SF Office 4, LLC	47-2967693	N/A	DE	Zurich American Insurance Company	100.00000
Shire Park Limited		N/A	GBR	Zurich Assurance Ltd	12.41935
SOCIETE AVENUE LOUIS CASAI 86 SA		N/A	CHE	Zürich Lebensversicherungs-Gesellschaft AG	100.00000
Speigelhof Vastgoed B.V.		N/A	DEU	RE Curve Holding B.V.	100.00000
Springboard Health and Performance Pty Ltd		N/A	AUS	DTC Bidco Pty Ltd	100.00000
Steadfast Insurance Company	52-0981481	26387	DE	Zurich American Insurance Company	100.00000
Steadfast Santa Clarita Holdings LLC		N/A	DE	Steadfast Insurance Company	100.00000
Sterling ISA Managers (Nominees) Limited		N/A	GBR	Sterling ISA Managers Limited	100.00000
Sterling ISA Managers Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	100.00000
Stratos Limited		N/A	NZL	DTC NZ Bidco Limited	100.00000
Sunley Homes Limited		N/A	GBR	Zurich Insurance plc	100.00000
Swiss Insurance Management (Hong Kong) Limited		N/A	HKG	Zurich Insurance Holdings (Hong Kong) Limited	99.50495
Swiss Insurance Management (Hong Kong) Limited		N/A	HKG	Zurich Services (Hong Kong) Limited	0.49505
TDG Tele Dienste GmbH		N/A	DEU	Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	100.00000
Tennyson Insurance Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
The Liverpool Reversionary Company Limited		N/A	GBR	Eagle Star Insurance Company Limited	100.00000
The Trust Company of Scotland Limited		N/A	GBR	Zurich Insurance plc	100.00000
The Zurich Services Corporation	36-3839542	N/A	IL	Zurich Holding Company of America, Inc.	100.00000
TopReport Schadenbesichtigungs GmbH		N/A	AUT	Zurich Versicherungs-Aktiengesellschaft	14.28571
Travel Ace Chile S.A.		N/A	CHL	Travel Ace Internacional de Servicios S.A.	1.00000
Travel Ace Chile S.A.		N/A	CHL	Zürich Versicherungs-Gesellschaft AG	99.00000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Travel Ace Internacional de Servicios S.A.		N/A	URY	Zürich Versicherungs-Gesellschaft AG	100.00000
Travel Assist Pty Limited		N/A	AUS	ASTIS Holdings Limited	100.00000
Travel Insurance Partners Pty Ltd		N/A	AUS	Travel Assist Pty Limited	100.00000
Travelex Insurance Services Limited		N/A	DE	Cover-More Holdings USA Inc.	100.00000
Truck Underwriters Association	95-2670330	N/A	CA	Farmers Group, Inc.	100.00000
Turegum Immobilien AG		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	100.00000
UA Assistance S.A. de C.V.		N/A	MEX	Travel Ace Internacional de Servicios S.A.	0.00000
UA Assistance S.A. de C.V.		N/A	MEX	Zürich Versicherungs-Gesellschaft AG	100.00000
Universal Assistance Assistencia Ao Viajante Ltda		N/A	BRA	Perunsel S.A.	0.00000
Universal Assistance Chile S.A.		N/A	CHL	Travel Ace Internacional de Servicios S.A.	0.02000
Universal Assistance Chile S.A.		N/A	CHL	Travel Ace Chile S.A.	99.98000
Universal Assistance S.A.		N/A	ARG	World Wide Assistance S.A.	92.71000
Universal Assistance S.A.		N/A	ARG	Zürich Versicherungs-Gesellschaft AG	7.29000
Universal Assistance S.A.		N/A	URY	Zürich Versicherungs-Gesellschaft AG	100.00000
Universal Travel Assistance S.A.S.		N/A	COL	Zürich Versicherungs-Gesellschaft AG	100.00000
Universal Underwriters Insurance Company	43-1249228	41181	IL	Zurich American Insurance Company	100.00000
Universal Underwriters of Texas Insurance Company	36-3139101	40843	IL	Universal Underwriters Insurance Company	100.00000
Universal Underwriters Service Corporation	43-1269296	N/A	MO	Zurich Holding Company of America, Inc.	100.00000
Unviversal Assistance Inc.		N/A	FL	Universal Assistance S.A.	0.00000
Vehicle Dealer Solutions, Inc.	26-1282208	N/A	FL	Zurich Holding Company of America, Inc.	100.00000
Winchester Land, LLC		N/A	FL	R3 FL Holdings, LLC	100.00000
Winn-Dixie MGP Manager, Inc.		N/A	DE	Zurich Structured Finance, Inc.	100.00000
Wohnen H3B Humboldthafen GmbH&Co.KG		N/A	DEU	REX-ZDHL S.C.S. SICAV-SIF	94.90000
World Travel Protection Canada Inc.		N/A	CAN	Zurich Canadian Holdings Limited	100.00000
World Wide Assistance S.A.		N/A	ARG	Zürich Versicherungs-Gesellschaft AG	100.00000
Wrightway Underwriting Limited		N/A	IRL	Ballykilliane Holdings Limited	100.00000
Z flex Gesellschaft für Personaldienstleistungen mbH		N/A	DEU	Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	100.00000
ZCM (U.S.) Limited		N/A	DE	Zurich Finance Company Ltd	100.00000
ZCM Asset Holding Company (Bermuda) Limited		N/A	BMU	Zurich Finance Company Ltd	100.00000
ZCM Matched Funding Corp.		N/A	CYM	Zurich Capital Markets Inc.	100.00000
ZFUS Services, LLC	20-5900744	N/A	DE	Zurich Holding Company of America, Inc.	100.00000
ZGEE3 Limited		N/A	GBR	Zurich Insurance Company (U.K.) Limited	100.00000
ZNA Services, LLC	02-0802795	N/A	DE	ZFUS Services, LLC	100.00000
ZPC Capital Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
ZSF / Collierville, LLC		N/A	DE	Collierville Center, LP	100.00000
ZSF / Office KY, LLC		N/A	DE	Euclid Office LP	100.00000
ZSF / Office NV, LLC		N/A	DE	Euclid Office LP	100.00000
ZSF / Office NY, LLC		N/A	DE	Euclid Office LP	100.00000
ZSF 99-4, Inc.		N/A	IL	CTH Affordable Housing Corporation	100.00000
ZSF KY Annex, LLC		N/A	DE	Euclid KY Annex, LP	100.00000
ZSF Newport I Corporation		N/A	IL	CTH Affordable Housing Corporation	100.00000
ZSF/Bloomington, LLC		N/A	DE	Bloomington Office LP	100.00000

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP  
PART 1 - ORGANIZATIONAL CHART**

Company	FEIN	NAIC	Domiciled	Ownership	%
ZSF/C1 MGP Manager, Inc		N/A	DE	Zurich Structured Finance, Inc.	100.00000
ZSF/C1 MGP, LLC		N/A	DE	Zurich Structured Finance, Inc.	99.00000
ZSF/C1 MGP, LLC		N/A	DE	ZSF/C1 MGP Manager, Inc	1.00000
ZSF/C2 MGP Manager, Inc		N/A	DE	Zurich Structured Finance, Inc.	100.00000
ZSF/C2 MGP, LLC		N/A	DE	Zurich Structured Finance, Inc.	99.00000
ZSF/C2 MGP, LLC		N/A	DE	ZSF/CF2 MGP Manager, Inc.	1.00000
ZSF/Dallas Tower, LLC		N/A	DE	Dallas Tower LP	100.00000
ZSF/Kansas, LLC		N/A	DE	Kansas City Office LP	100.00000
ZSF/Land Parcels LLC		N/A	DE	Zurich Structured Finance, Inc.	100.00000
ZSF/Research Gateway, LLC		N/A	DE	Raleigh/Durham Offices, L.P.	100.00000
ZSF/WD Fitzgerald, LLC		N/A	DE	Euclid Warehouses LP	100.00000
ZSF/WD Hammond, LLC		N/A	DE	Euclid Warehouses LP	100.00000
ZSF/WD Jacksonville, LLC		N/A	DE	Euclid Warehouses LP	100.00000
ZSF/WD Montgomery 31, LLC		N/A	DE	Euclid Warehouses LP	100.00000
ZSF/WD Opa Locka, LLC		N/A	DE	Euclid Warehouses LP	100.00000
ZSF/WD Orlando, LLC		N/A	DE	Euclid Warehouses LP	100.00000
ZSFH LLC	36-3096373	N/A	DE	Zurich Holding Company of America, Inc.	100.00000
ZSG Kfz-ZulassungsservicegesmbH		N/A	AUT	Zurich Versicherungs-Aktiengesellschaft	33.33333
ZSL Financing Limited		N/A	GBR	Zurich Holdings (UK) Limited	1.00000
ZSL Financing Limited		N/A	GBR	Zurich Specialties London Limited	99.00000
Zurich - Companhia de Seguros Vida S.A.		N/A	PRT	Zurich Finanz-Gesellschaft AG	0.00002
Zurich - Companhia de Seguros Vida S.A.		N/A	PRT	Zurich Investments Life S.p.A.	0.00002
Zurich - Companhia de Seguros Vida S.A.		N/A	PRT	Zurich Lebensversicherungs-Gesellschaft AG	99.99990
Zurich - Companhia de Seguros Vida S.A.		N/A	PRT	Zurich Versicherungs-Gesellschaft AG	0.00002
Zurich - Companhia de Seguros Vida S.A.		N/A	PRT	Zurich Vida, Compañía de Seguros y Reaseguros, S.A. - Socied	0.00002
Zurich (Scotland) Limited Partnership		N/A	GBR	Zurich General Partner (Scotland) Ltd	100.00000
Zurich Administradora General de Fondos S.A.		N/A	CHL	Chilena Consolidada Seguros de Vida S.A.	99.97013
Zurich Administradora General de Fondos S.A.		N/A	CHL	Inversiones Suizo Chilena S.A.	0.02987
Zurich Advice Network Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Zurich AFIN Mexico, S.A. DE C.V.		N/A	MEX	Zurich Compania de Sefuros, S.A.	0.00200
Zurich AFIN Mexico, S.A. DE C.V.		N/A	MEX	Zurich Versicherungs-Gesellschaft AG	99.99800
Zurich Agency Services Inc.	04-3126497	N/A	MA	Zurich Holding Company of America, Inc.	100.00000
Zurich Alternative Asset Management, LLC	86-1164252	N/A	DE	Zurich Holding Company of America, Inc.	100.00000
Zurich America Latina Serviços Brasil Ltda.		N/A	BRA	Zurich Lebensversicherungs-Gesellschaft AG	0.01000
Zurich America Latina Serviços Brasil Ltda.		N/A	BRA	Zurich Versicherungs-Gesellschaft AG	99.99000
Zurich American Corporation	36-6169781	N/A	DE	Zurich Holding Company of America, Inc.	100.00000
Zurich American Insurance Company	36-4233459	16535	NY	Zurich Holding Company of America, Inc.	100.00000
Zurich American Insurance Company of Illinois	36-2781080	27855	IL	American Zurich Insurance Company	100.00000
Zurich American Life Insurance Company	36-3050975	90557	IL	Zurich American Corporation	100.00000
Zurich American Life Insurance Company of New York	27-4746162	14178	NY	Zurich American Life Insurance Company.	100.00000
Zurich Argentina Cia. de Seguros S.A.		N/A	ARG	Inversiones Suizo-Argentina S.A.	55.46140
Zurich Argentina Cia. de Seguros S.A.	AA-2130022	N/A	ARG	Zurich Versicherungs-Gesellschaft AG	44.53611

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Zurich Argentina Compañía de Seguros de Retiro S.A.	AA-2130022	N/A	ARG	Zurich Argentina Cia. de Seguros S.A.	46.64193
Zurich Argentina Compañía de Seguros de Retiro S.A.		N/A	ARG	Zurich Versicherungs-Gesellschaft AG	53.35807
Zurich Argentina Reaseguros S.A.		N/A	ARG	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich Aseguradora Argentina S.A.		N/A	ARG	Zürich Versicherungs-Gesellschaft AG	99.90000
Zurich Aseguradora Mexicana, S.A. de C.V.		N/A	MEX	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich Aseguradora Mexicana, S.A. de C.V.		N/A	MEX	Zürich Lebensversicherungs-Gesellschaft AG	0.00000
Zurich Asset Management Gerente de Fondos Comunes de Inversi		N/A	ARG	Inversiones Suizo-Argentina S.A.	89.99990
Zurich Asset Management Gerente de Fondos Comunes de Inversi		N/A	ARG	Isis S.A.	10.00010
Zurich Assurance Ltd		N/A	GBR	Eagle Star Holdings Limited	100.00000
Zurich Australia Limited		N/A	AUS	Zurich Financial Services Australia Limited	100.00000
Zurich Australian Insurance Limited	AA-1930995	N/A	AUS	Zurich Financial Services Australia Limited	100.00000
Zurich Australian Insurance Properties Pty Limited		N/A	AUS	Zurich Australia Limited	40.00000
Zurich Australian Insurance Properties Pty Limited		N/A	AUS	Zurich Australian Insurance Limited	60.00000
Zurich Australian Property Holdings Pty Ltd		N/A	AUS	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich Australian Superannuation Pty Limited		N/A	AUS	Zurich Financial Services Australia Limited	100.00000
Zurich Bank International Limited		N/A	GBR	Dunbar Assets Ireland	100.00000
Zurich Benefit Finance LLC	13-4186554	N/A	DE	Zurich Holding Company of America, Inc.	100.00000
Zurich Beteiligungs-Aktiengesellschaft (Deutschland)		N/A	DEU	Zurich IT Service AG Niederlassung fur Deutschland	82.61672
Zurich Beteiligungs-Aktiengesellschaft (Deutschland)		N/A	DEU	Zurich Leben Service AG Niederlassung fur Deutschland	17.38328
Zurich Brasil Capitalizacao S.A		N/A	BRA	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Brasil Companhia de Seguros		N/A	BRA	Zurich Minas Brasil Seguros S.A.	100.00000
Zurich Building Control Services Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Zurich Canadian Holdings Limited		N/A	CAN	Zurich Insurance Company Ltd, Canadian Branch	68.81942
Zurich Canadian Holdings Limited		N/A	CAN	Zurich Versicherungs-Gesellschaft AG	31.18058
Zurich Capital Markets Inc.		N/A	DE	ZCM (U.S.) Limited	100.00000
Zurich Capital Markets Securities Inc.		N/A	DE	Zurich Capital Markets Inc.	100.00000
Zurich Colombia Seguros S.A.		N/A	COL	Zurich Versicherungs-Gesellschaft AG	94.90000
Zurich Colombia Seguros S.A.		N/A	COL	Zurich Lebensversicherungs-Gesellschaft AG	5.10000
Zurich Community Trust (UK) Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	50.00000
Zurich Community Trust (UK) Limited		N/A	GBR	Zurich Financial Services (UKISA) Nominees Limited	50.00000
Zurich Compania de Reaseguros Argentina S.A.		N/A	ARG	Zurich Versicherungs-Gesellschaft AG	5.00000
Zurich Compania de Reaseguros Argentina S.A.		N/A	ARG	Inversiones Suizo-Argentina S.A.	95.00000
Zurich Compañía de Seguros, S.A.		N/A	MEX	Zurich Versicherungs-Gesellschaft AG	99.88280
Zurich Computer Services Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Zurich Consultoria de Riesgos, C.A.		N/A	VEN	Zurich Seguros, S.A.	99.99000
Zurich Corredora de Bolsa S.A.		N/A	CHL	Inversiones Suizo Chilena S.A.	99.00030
Zurich Corredora de Bolsa S.A.		N/A	CHL	Zurich Investments Chile S.A.	0.99970
Zurich Customer Active Management, d.o.o.		N/A	SVN	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich CZI Management Holding Ltd.	36-4412924	N/A	DE	Zurich Global Investment Management Inc.	100.00000
Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft		N/A	DEU	Deutscher Herold Aktiengesellschaft	67.54030
Zurich Deutscher Herold Lebensversicherung Aktiengesellschaft		N/A	DEU	Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	32.45970
Zurich E&S Insurance Brokerage, Inc.	95-4773780	N/A	CA	Zurich American Insurance Company	100.00000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Zurich Employment Services Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	100.00000
Zurich Engineering Inspection Services Ireland Limited		N/A	IRL	Zurich Insurance plc	100.00000
Zurich Eurolife S.A.		N/A	LUX	Zurich Lebensversicherungs-Gesellschaft AG	90.00000
Zurich Eurolife S.A.		N/A	LUX	Zurich Versicherungs-Gesellschaft AG	10.00000
Zurich F&I Reinsurance T&C Limited	AA-0053640	N/A	TCA	Zurich Agency Services Inc.	0.00050
Zurich F&I Reinsurance T&C Limited	AA-0053640	N/A	TCA	Universal Underwriters Service Corporation	99.99950
Zurich Fianzas Mexico, S.A.DE C.V.		N/A	MEX	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Finance (Australia) Limited		N/A	AUS	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich Finance (Bermuda) Ltd.		N/A	BMU	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Finance (Luxembourg) S.A.		N/A	LUX	Zurich Lebensversicherungs-Gesellschaft AG	0.08065
Zurich Finance (Luxembourg) S.A.		N/A	LUX	Zurich Versicherungs-Gesellschaft AG	99.91935
Zurich Finance (UK) plc		N/A	GBR	Zurich Financial Services (UKISA) Limited	99.99800
Zurich Finance (UK) plc		N/A	GBR	Zurich Financial Services (UKISA) Nominees Limited	0.00200
Zurich Finance Company Ltd		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Financial Management Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Zurich Financial Services (Isle of Man) Group Services Limit		N/A	GBR	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Financial Services (Isle of Man) Holdings Limited		N/A	GBR	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Financial Services (Isle of Man) Insurance Manager Lt		N/A	GBR	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Financial Services (UKISA) Group Services Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	100.00000
Zurich Financial Services (UKISA) Limited		N/A	GBR	Allied Zurich Holdings Limited	90.31559
Zurich Financial Services (UKISA) Limited		N/A	GBR	Zurich Insurance plc	9.68441
Zurich Financial Services (UKISA) Nominees Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	100.00000
Zurich Financial Services Australia Limited	AA-1930995	N/A	AUS	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Financial Services EUB Holdings Limited		N/A	IRL	Zurich Ins Group	0.08333
Zurich Financial Services EUB Holdings Limited		N/A	IRL	Zurich Insurance Group Ltd.	99.91667
Zurich Financial Services UK Pension Trustee Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	99.00000
Zurich Finanz-Gesellschaft AG		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich General Insurance Company (China) Limited		N/A	CHN	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich General Insurance Malaysia Berhad		N/A	MYS	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich General Partner (Scotland) Ltd		N/A	GBR	Allied Zurich Holdings Limited	100.00000
Zurich GL Servicios Mexico, S.A. de C.V.		N/A	MEX	Zurich Vida, Compañía de Seguros, S.A.	95.00000
Zurich GL Servicios Mexico, S.A. de C.V.		N/A	MEX	Zurich Compania de Seguros, S.A.	5.00000
Zurich Global Corporate UK Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Zurich Global Investment Management Inc.	04-3729755	N/A	DE	Zurich Holding Company of America, Inc.	100.00000
Zurich Global, Ltd.	AA-3190947	N/A	BMU	Zurich Holding Company of America, Inc.	100.00000
Zurich Group Pension Services (UK) Ltd		N/A	GBR	Zurich Assurance Ltd	100.00000
Zurich GSG Limited		N/A	GBR	Zurich GSH Limited	100.00000
Zurich GSH Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Zurich Holding Company of America, Inc.	36-3096373	N/A	DE	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Holding Ireland Limited		N/A	IRL	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Holdings (UK) Limited		N/A	GBR	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Immobilien Liegenschaftsverwaltungs-GesmbH		N/A	AUT	Zurich Versicherungs-Gesellschaft AG	100.00000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Zurich Independent Wealth Management Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Zurich Insurance Company (U.K.) Limited		N/A	GBR	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Insurance Company Escritorio de Representacao no Bras		N/A	BRA	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Insurance Company Ltd., Beijing Representative Office		N/A	CHN	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Insurance Company Ltd., Representative Office Buenos Aires		N/A	ARG	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Insurance Group Ltd.		N/A	CHE	Board of Directors	
Zurich Insurance Holdings (Hong Kong) Limited		N/A	HKG	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Insurance Malaysia Berhad		N/A	MYS	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Insurance plc	AA-1780059	N/A	IRL	Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	25.07428
Zurich Insurance plc	AA-1780059	N/A	IRL	Zurich Holding Ireland Limited	70.40509
Zurich Insurance plc	AA-1780059	N/A	IRL	Zurich Insurance Company Ltd - Rappresentanza Generale per I	4.52063
Zurich Insurance plc, Representative Office Buenos Aires		N/A	ARG	Zurich Insurance plc	100.00000
Zurich Intermediary Group Limited		N/A	GBR	Zurich Financial Services (UKISA) Limited	99.99995
Zurich Intermediary Group Limited		N/A	GBR	Zurich Financial Services (UKISA) Nominees Limited	0.00005
Zurich Internacional de Venezuela, C.A. de Corretaje de Reas		N/A	VEN	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich International (UK) Limited	AA-1120018	N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Zurich International Life Limited		N/A	GBR	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich International Pensions Administration Limited		N/A	IMN	Zurich International Life Limited	100.00000
Zurich International Services (Luxembourg) S.A.		N/A	LUX	Zurich Eurolife S.A.	0.04000
Zurich International Services (Luxembourg) S.A.		N/A	LUX	Zurich Versicherungs-Gesellschaft AG	99.96000
Zurich Invest AG		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Invest ICAV		N/A	IRL	Zürich Versicherungs-Gesellschaft AG	50.00000
Zurich Invest ICAV		N/A	IRL	Zurich Invest AG	50.00000
Zurich Investment Management AG		N/A	CHE	Farmers Group, Inc.	80.00000
Zurich Investment Management AG		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	20.00000
Zurich Investment Management Limited		N/A	AUS	Zurich Australia Limited	100.00000
Zurich Investment Services (UK) Limited		N/A	GBR	Allied Zurich Holdings Limited	100.00000
Zurich Investment Services Limited		N/A	BMU	Zurich Finance Company Ltd	100.00000
Zurich Investments Life S.p.A.		N/A	ITA	Zurich Insurance Company Ltd - Rappresentanza Generale per I	100.00000
Zurich JVCompany Servicios Mexico, S.A. DE C.V.		N/A	MEX	Zurich Vida, Compania de Seguros, S.A.	0.00200
Zurich JVCompany Servicios Mexico, S.A. DE C.V.		N/A	MEX	Zurich Santander Seguros Mexico, S.A.	99.99800
Zurich Kunden Center GmbH		N/A	DEU	Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	100.00000
Zurich Latin America Corporation	26-0530367	N/A	FL	Zurich Holding Company of America, Inc.	100.00000
Zurich Latin America Holding S.L. - Sociedad Unipersonal		N/A	ESP	Zurich Lebensversicherungs-Gesellschaft AG	100.00000
Zurich Latin American Services S.A.		N/A	ARG	Inversiones Suizo-Argentina S.A.	6.32000
Zurich Latin American Services S.A.		N/A	ARG	Zurich Versicherungs-Gesellschaft AG	93.68000
Zurich Lebensversicherungs-Gesellschaft AG		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Leisure Services Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Zurich Life Assurance plc		N/A	IRL	Zurich Holding Ireland Limited	100.00000
Zurich Life Insurance (Hong Kong) Limited		N/A	HKG	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich Life Insurance (Singapore) Pte Ltd		N/A	SGP	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Life Insurance Company Ltd., Representative office Buenos Aires		N/A	ARG	Zurich Lebensversicherungs-Gesellschaft AG	100.00000

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Zurich Management (Bermuda) Ltd		N/A	BMU	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Management Services Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Zurich Minas Brasil Seguros S.A.		N/A	BRA	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Pension Trustees Ireland Limited		N/A	IRL	Zurich Insurance plc	50.00000
Zurich Pension Trustees Ireland Limited		N/A	IRL	Zurich Trustee Services Limited	50.00000
Zurich Pension Trustees Limited		N/A	GBR	Zurich Assurance Ltd	100.00000
Zurich Pensions Management Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Zurich Pensionskassen-Beratung AG		N/A	CHE	Zurich Lebensversicherungs-Gesellschaft AG	100.00000
Zurich Professional Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Zurich Project Finance (UK) Limited		N/A	GBR	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich Properties Pty Limited		N/A	AUS	Zurich Australia Limited	40.00056
Zurich Properties Pty Limited		N/A	AUS	Zurich Australian Insurance Limited	59.99944
Zurich Property Services Malaysia Sdn Bhd		N/A	MYS	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Realty, Inc.	30-0165071	N/A	MD	Zurich Holding Company of America, Inc.	100.00000
Zurich Rechtsschutz-Schadenservice GmbH		N/A	DEU	Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	100.00000
Zurich Reliable Insurance Limited		N/A	RUS	Zurich Versicherungs-Gesellschaft AG	99.90000
Zurich Reliable Insurance Limited		N/A	RUS	Zurich Versicherungs-Aktiengesellschaft	0.10000
Zurich Resseguradora Brasil S.A.		N/A	BRA	Zurich Versicherungs-Gesellschaft AG	99.99999
Zurich Resseguradora Brasil S.A.		N/A	BRA	Zurich Lebensversicherungs-Gesellschaft AG	0.00001
Zurich Risk Consulting RU		N/A	RUS	Zurich Reliable Insurance	100.00000
Zurich Risk Management Services (India) Private Limited		N/A	IND	Zurich International (Bermuda) Ltd.	1.00000
Zurich Risk Management Services (India) Private Limited		N/A	IND	Zurich Versicherungs-Gesellschaft AG	99.00000
Zurich Risk Services Asia Pacific Sdn Bhd		N/A	MYS	Zurich Management Services Limited	100.00000
Zurich Roadside Assistance Malaysia Sdn Bhd		N/A	MYS	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Ruckversicherungs-Gesellschaft AG		N/A	CHE	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Sacramento, Inc.		N/A	CA	JFS/ZSF 1998, L.P.	100.00000
Zurich Santander Brasil Odonto LTDA.		N/A	BRA	Zurich Santander Brasil Seguros e Previdência S.A.	99.00000
Zurich Santander Brasil Odonto LTDA.		N/A	BRA	Zurich Santander Brasil Seguros S.A.	1.00000
Zurich Santander Brasil Seguros e Previdência S.A.		N/A	BRA	Zurich Latin America Holding S.L. - Sociedad Unipersonal	0.22007
Zurich Santander Brasil Seguros e Previdência S.A.		N/A	BRA	Zurich Santander Holding (Spain), S.L.	99.56848
Zurich Santander Brasil Seguros S.A.		N/A	BRA	Zurich Santander Brasil Seguros e Previdência S.A.	100.00000
Zurich Santander Holding (Spain), S.L.		N/A	ESP	Zurich Santander Insurance America, S.L.	100.00000
Zurich Santander Holding Dos (Spain), S.L.		N/A	ESP	Zurich Santander Insurance America, S.L.	100.00000
Zurich Santander Insurance America, S.L.		N/A	ESP	Zurich Latin America Holding S.L. - Sociedad Unipersonal	51.00000
Zurich Santander Seguros Argentina S.A.		N/A	ARG	Zurich Santander Insurance America, S.L.	96.00000
Zurich Santander Seguros Argentina S.A.		N/A	ARG	Inversiones ZS America SpA	4.00000
Zurich Santander Seguros de Vida Chile S.A.		N/A	CHL	Inversiones ZS America Dos Limitada	99.78173
Zurich Santander Seguros de Vida Chile S.A.		N/A	CHL	Inversiones ZS America SpA	0.21827
Zurich Santander Seguros Generales Chile S.A.		N/A	CHL	Inversiones ZS America Dos Limitada	99.50540
Zurich Santander Seguros Generales Chile S.A.		N/A	CHL	Inversiones ZS America SpA	0.49460
Zurich Santander Seguros Mexico, S.A.		N/A	MEX	Inversiones ZS America SpA	0.00053
Zurich Santander Seguros Mexico, S.A.		N/A	MEX	Zurich Santander Insurance America, S.L.	99.99947

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP

### PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Zurich Seguros Ecuador, S.A.		N/A	ECU	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich Seguros, S.A.		N/A	VEN	Cursud N.V.	69.21000
Zurich Seguros, S.A.		N/A	VEN	Inversora Alpina Financiadora de Primas, C.A.	0.00000
Zurich Seguros, S.A.		N/A	VEN	Zurich Consultoria de Riesgos, C.A.	0.00000
Zurich Service GmbH		N/A	DEU	Zurich Beteiligungs-Aktiengesellschaft (Deutschland)	100.00000
Zurich Service GmbH		N/A	DEU	Zurich Versicherungs-Aktiengesellschaft	100.00000
Zurich Services (Australia) Pty Limited		N/A	AUS	Zurich Financial Services Australia Limited	100.00000
Zurich Services (Hong Kong) Limited		N/A	HKG	Swiss Insurance Management (Hong Kong) Limited	0.00286
Zurich Services (Hong Kong) Limited		N/A	HKG	Zurich Insurance Holdings (Hong Kong) Limited	99.99714
Zurich Services A.I.E.		N/A	ESP	AIDE Asistencia Seguros y Reaseguros, S.A. - Sociedad Uniper	0.00008
Zurich Services A.I.E.		N/A	ESP	Bansabadell Pensiones, E.G.F.P, S.A.	0.00008
Zurich Services A.I.E.		N/A	ESP	Bansabadell Seguros Generales, S.A. de Seguros y Reaseguros	0.00008
Zurich Services A.I.E.		N/A	ESP	Bansabadell Vida S.A. de Seguros y Reaseguros	0.00008
Zurich Services A.I.E.		N/A	ESP	Zurich Insurance plc, Sucursal en Espana	97.18393
Zurich Services A.I.E.		N/A	ESP	Zurich Vida, Compañía de Seguros y Reaseguros, S.A. - Socied	2.81550
Zurich Services Company (Pty) Ltd		N/A	AUS	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich Services US. LLC	35-2546417	N/A	DE	Farmers Group, Inc.	50.00000
Zurich Services US. LLC	35-2546417	N/A	DE	Zurich Holding Company of America, Inc.	50.00000
Zurich Servicios de Mexico, S.A. de C.V.		N/A	MEX	Zurich Vida, Compañia de Seguros, S.A.	90.00000
Zurich Servicios de Mexico, S.A. de C.V.		N/A	MEX	Zurich, Compañia de Seguros, S.A.	10.00000
ZURICH SERVICIOS DIRECTO ESPAÑA, S.L.		N/A	ESP	Zurich Insurance Mobile Solutions AG	100.00000
Zurich Servicios y Soporte México, S.A. de C.V.		N/A	MEX	Zürich Versicherungs-Gesellschaft AG	99.98000
Zurich Servicios y Soporte México, S.A. de C.V.		N/A	MEX	Zürich Lebensversicherungs-Gesellschaft AG	0.02000
Zurich Shared Services S.A.		N/A	CHL	Inversiones Suizo Chilena S.A.	99.98667
Zurich Shared Services S.A.		N/A	CHL	Zurich Investments Chile S.A.	0.01333
Zurich Sigorta A.S.		N/A	TUR	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Small Amount and Short Term Insurance Ltd		N/A	JPN	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich South America Invest AB		N/A	SWE	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Specialties London Limited	AA-1120001	N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Zurich Structured Finance, Inc.		N/A	DE	Zurich Finance Company Ltd	100.00000
Zurich Takaful Malaysia Berhad (ZTMB)		N/A	MYS	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Technical and Consulting Services (Beijing) Co. Ltd.		N/A	CHN	Zurich Insurance Holdings (Hong Kong) Limited	100.00000
Zurich Technology Malaysia Sdn Bhd		N/A	MYS	Zurich Technology Services Malaysia Sdn Bhd	100.00000
Zurich Technology Services Malaysia Sdn Bhd		N/A	MYS	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Training and Development Services Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Zurich Transitional Services Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000
Zurich Travel Solutions Pty Limited		N/A	AUS	Zürich Versicherungs-Gesellschaft AG	100.00000
Zurich Treasury Services Limited		N/A	IRL	Zurich Financial Services EUB Holdings Limited	100.00000
Zurich Trustee Company (UK) Limited		N/A	GBR	Allied Dunbar Assurance plc	100.00000
Zurich Trustee Services Limited		N/A	IRL	Zurich Life Assurance plc	100.00000
Zurich UK General Employee Services Limited		N/A	GBR	Zurich UK General Services Limited	100.00000
Zurich UK General Services Limited		N/A	GBR	Zurich Holdings (UK) Limited	100.00000

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF ZURICH INSURANCE GROUP  
PART 1 - ORGANIZATIONAL CHART**

<b>Company</b>	<b>FEIN</b>	<b>NAIC</b>	<b>Domiciled</b>	<b>Ownership</b>	<b>%</b>
Zurich Versicherungs-Aktiengesellschaft	AA-1220080	N/A	AUT	Zurich Versicherungs-Gesellschaft AG	99.98125
Zurich Versicherungs-Gesellschaft AG	AA-1460190	N/A	CHE	Zurich Insurance Group Ltd.	100.00000
Zurich Vida e Previdencia S.A.		N/A	BRA	Zurich Minas Brasil Seguros S.A.	100.00000
Zurich Vida, Compañía de Seguros y Reaseguros, S.A. - Sociéd	AA-1840022	N/A	ESP	Zurich Lebensversicherungs-Gesellschaft AG	100.00000
Zurich Vida, Compañía de Seguros, S.A.	AA-2734111	N/A	MEX	Zurich Versicherungs-Gesellschaft AG	100.00000
Zurich Warranty Solutions, Inc.	36-4453190	N/A	IL	American Zurich Insurance Company	100.00000
Zurich Whiteley Investment Trust Limited		N/A	GBR	Zurich Insurance plc	100.00000
Zurich Whiteley Trust Limited		N/A	GBR	Zurich Whiteley Investment Trust Limited	100.00000

Note 1: Farmers Insurance Exchange, formed and organized pursuant to California Insurance Code Section 1280, et seq., is owned by its policyholders. Its attorney-in-fact, Farmers Group, Inc., dba Farmers Underwriters Association, which is a subsidiary of Zurich Insurance Group Ltd. (See also Schedule Y, Part 1A)

Note 2: Farmers Texas County Mutual Insurance Company, formed and organized pursuant to Chapter 912 of the Texas Insurance Code, is managed by Farmers Group, Inc., dba Farmers Underwriters Association

Note 3: Fire Insurance Exchange, formed and organized pursuant to California Insurance Code Section 1280, et seq., is owned by its policyholders. Its attorney-in-fact, Fire Underwriters Association, which is a subsidiary of Zurich Insurance Group Ltd. (See also Schedule Y, Part 1A)

Note 4: Foremost County Mutual Insurance Company is managed by Foremost Insurance Company Grand Rapids, Michigan.

Note 5: Foremost Lloyds of Texas underwriters are officers and/or directors of Foremost Insurance Company Grand Rapids, Michigan.

Note 6: Security National Insurance Company shares held by Bristol West Holdings, Inc. are voting shares, while those held by Insurance Data Systems, G.P. are non-voting shares.

Note 7: Truck Insurance Exchange, formed and organized pursuant to California Insurance Code Section 1280, et seq., is owned by its policyholders. Its attorney-in-fact, Truck Underwriters Association, which is a subsidiary of Zurich Insurance Group Ltd. (See also Schedule Y, Part 1A)

Note 8: Zurich Insurance Plc operates branches in the following countries: Italy (AA-1364106), Portugal (AA-1820001), Spain (AA-1840150), and United Kingdom (AA-1780059).

Note 9: Zurich Versicherungs-Aktiengesellschaft operates a branch in Germany (AA-1340017)

Note 10: Zurich Versicherungs-Gesellschaft AG also known as Zurich Insurance Company, Ltd operates branches in the following countries: Bermuda (AA-3190825), Canada (AA-1560999), Hong Kong (AA-5324112), Ireland (AA-1780042), Japan (AA-1584115), and Singapore (AA-5760036). It also operates a management entity Alpina International (AA-1460010) in Switzerland.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE FARMERS INSURANCE EXCHANGE  
**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Assets Line 25

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
2504. Equities and deposits in pools and associations .....	5,593,559		5,593,559	174,008
2505. Guaranty funds recoverable/policyholder surcharges .....				136,058
2597. Summary of remaining write-ins for Line 25 from overflow page	5,593,559		5,593,559	310,066

Additional Write-ins for Liabilities Line 25

	1 Current Year	2 Prior Year
2504. Deferred agent/DM bonus liability .....	28,880,923	32,278,561
2505. Deferred agent/DM compensation liability .....	28,047,777	30,476,737
2506. Uncashed drafts and checks pending escheatment .....	26,902,016	29,605,006
2507. Miscellaneous .....	12,142,186	7,706,847
2508. Pooled share of unauthorized reinsurance .....	1,171,665	1,654,183
2509. Pooled share of LAD program liability .....	5,764	6,004
2597. Summary of remaining write-ins for Line 25 from overflow page	97,150,331	101,727,338

Additional Write-ins for Statement of Income Line 14

	1 Current Year	2 Prior Year
1404. Premiums for business-owned life insurance .....	(462,040)	(288,893)
1497. Summary of remaining write-ins for Line 14 from overflow page	(462,040)	(288,893)

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 24

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
2404. Miscellaneous investment expenses .....			3,009,027	3,009,027
2497. Summary of remaining write-ins for Line 24 from overflow page			3,009,027	3,009,027

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